Daily Report

Latin America

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Cuba

Government Views 13 Jul Border Violations

Havana Issues Communique

FL1407125895 Havana Radio Reloj Network in Spanish 1100 GMT 14 Jul 95

[FBIS Translated Text] Note from the revolutionary government: Yesterday, Thursday, 13 July, in the afternoon, about 11 boats, six airplanes and two helicopters from the United States entered Cuban waters and air space. This was a flagrant violation of international law. All of the boats entered Cuban waters and several came as near as 10 miles north of our coasts. All of the airplanes violated Cuban air space and one plane flew over Havana City's coastal area. In an antagonistic and dangerous manner, the planes flew at low altitude over the Cuban border guard naval units which were sent to the area to protect the integrity of our coasts. The border guards maintained great composure throughout the provocations, thus avoiding grave incidents from taking place.

The Cuban Government had clearly warned the U.S. Government that it would adopt the necessary measures to impede these actions which are flagrant provocations that violate Cuban and international laws and are organized by elements of the extreme right, of Cuban origin in Miami.

In consequence, the Cuban border guard vessels maneuvered to physically impede the U.S. vessels—already in Cuban waters—from continuing nearer to our coasts. Acting in an extremely moderate manner, at no time did the border guard vessels ram, bow first, any of the boats which were violating Cuban waters. They simply came alongside and prevented the advance of those vessels which tried to do so. At all times, our combatants respected the order not to make use of any weapons. One of the aggressor's vessels—with which there was physical contact—retreated from our vessels without any indication that it was in danger of sinking.

Cuba cannot tolerate, as any other nation would not tolerate, its borders being flagrantly violated nor provoking acts being directed against the country. Previously, on many occasions, vessels have entered Cuban waters and have perpetrated terrorist acts against economic and defenseless civilian objectives. Some people have been murdered in cold blood.

The revolutionary government reiterates its firm determination of taking any and all actions necessary to avoid the repetition of incidents like the one which took place yesterday. Once more we warn that any vessel coming from abroad, which forcefully invades our sovereign waters, could be sunk; and any plane shot down.

We have confronted this provocation with great patience, but patience has its limits. The responsibility for whatever happens will fall, exclusively, on those who encourage, plan, execute, or tolerate these acts of piracy.

Comment on U.S. Note

PA1507012195 Mexico City NOTIMEX in Spanish 0021 GMT 15 Jul 95

[FBIS Translated Excerpt] Havana, 14 Jul (NOTIMEX) — The Cuban Government denied today having received a note from the U.S. Department of State on the incident that occurred yesterday with a flotilla of exiles from Miami in Cuban territorial waters.

"No note was received in this regard," a Cuban Foreign Ministry spokesman told NOTIMEX this Friday when asked about the text in which Washington "deeply regretted" the collision between Cuban patrol boats and the vessels.

State Department Spokesman Nicholas Burns said in Washington that various people on board the boat "Democracy" were injured after this flagship crashed with Cuban Coast Guard vessels. [passage omitted]

Castro: 'Shocking Provocation'

PA1607125295 Havana PRENSA LATINA in Spanish 0440 GMT 16 Jul 95

[FBIS Translated Text] Havana, 15 Jul (PL) — Cuban President Fidel Castro today termed the recent violation of his country's border by boats and planes from the United States an act of shocking provocation.

Castro attended the reception that the Colombian Embassy in Havana hosted on the occasion of Colombian Vice President Humberto de la Calle's visit.

Asked by journalists, Castro said that Cuba is always prepared to respond to provocations like those organized by the far-rightists living in Miami. We are the champions of patience, but patience is running out, he said.

Later, Castro said that Cuba expects progress in the immigration talks with the United States, the second round of which will open in Havana on Monday.

Answering another question, Castro said that Colombia will soon preside over the Nonaligned Movement, to which he wished success.

Finally, Castro expressed satisfaction over the talks with De la Calle, who is in Cuba on a visit.

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Cuban Talks With U.S. on Migration Seen

PA1607015395 Havana PRENSA LATINA in Spanish 1628 GMT 15 Jul 95

[By Angel E. Pino]

[FBIS Translated Excerpt] Havana, 15 Jul (PL) — Without many expectations, but open to the possibility of extending the talks to other topics in the bilateral dispute, Cuba is preparing to begin on 17 July a new round of talks with the United States on migration issues.

The meeting, which will last until 18 July, will have the basic goal of verifying the implementation of agreements on this issue signed by the two countries in September 1994 and May 1995, following the so-called rafters crisis.

Based on these agreements, particularly the one signed in May, the United States will return to Cuba any Cuban caught on the open seas trying to illegally enter its territory, while Cuba pledged not to adopt legal measures or reprisals against the deportees.

U.S. authorities also accepted to process more than 20,000 Cuban rafters confined at Guantanamo Naval Base if they meet the necessary requirements to legally migrate toward the United States.

Cuban Foreign Minister Roberto Robaina said on 13 July the new round of migration talks "reflects the parties' manifest will to fulfill what has been pledged," within a framework of comprehension and respect.

"There can be no talk about a stalemate in migration relations. There should be talk about progress and a continuation of the agreements," the foreign minister said during a meeting with local and foreign correspondents.

Nevertheless, the talks, the fourth in less than a year, this time are to be held amid ambivalent and even contradictory signals from Washington on the future of relations between the two countries. [passage omitted]

These elements, plus the United States' decision to raise the status of the U.S. delegation to the meetings, which begin here on Monday, have led to speculation about the possibility of extending the talks to other issues in the dispute.

The U.S. delegation will be led by Ann Patterson Woods, assistant deputy secretary for Latin American affairs, while the Cuban delegation will again be led by Ricardo Alarcon, president of the National Assembly of the People's Government (parliament).

Asked about this issue at a news conference at the International Press Center (CPI), the Cuban foreign minister stated his skepticism over this possibility, although he admitted this country would be willing to talk about any issue.

"Those (migration) agreements and the willingness of the two parties to fulfill them do not signify in any way an excess of enthusiasm (from Havana) to explore new unopened channels on other issues," he said.

After stressing that none of the variants outlined in the Torricelli bill are good for the Cubans, Robaina said his government is, nevertheless, willing to talk about any issue, "provided the rules that prevailed on the migration issue also apply to those talks."

The Cuban foreign minister termed as "postmodern fascism" the Helms-Burton bill, which is aimed at internationalizing the economic blockade against the island, and he urged U.S. politicians to "stop that monstrosity."

"I hope there is time and, above all, valor to stop the bill that mortgages Cuba. I hope reason will prevail over brutality," he said.

The initiative, initially approved on 11 July by the House of Representatives Foreign Relations Committee, has been criticized by the officials of this administration, because it negatively affects relations with third countries.

Nevertheless, observers believe their criticism has fallen short, given the consequences this legislation would have in the relations of the two countries in case it is definitely approved by the U.S. Congress.

TV Previews Next Round

FL1507182695 Havana Cuba Vision Network in Spanish 1630 GMT 15 Jul 95

[From the "NTV" newscast]

[FBIS Translated Text] U.S.-Cuban migration talks will resume in Havana on 17 and 18 July in an attempt to stabilize the flow of people between the two nations. This round of talks follows four other rounds held in New York and Havana and the agreements of 9 September 1994 and 2 May 1995. The United States has pledged to issue no less than 20,000 visas to Cubans annually. Both nations agreed in May on the situation of rafters detained at the Guantanamo naval base and decided that all rafters intercepted from that moment on would be returned to Cuba. This ended the three-decades-old practice of encouraging illegal departures, the source of a profitable business in Miami. The U.S. Government is complying with the agreements, and Cuba feels that the solution to the migration problem that is being devised is organized and safe. The agreements state that the United States will issue more

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visas to Cubans than to any other citizens worldwide in an effort to compensate for the admission expectations created in the past. However, the ban on travel and monetary remittances of 20 August 1994 place special limitations on Cuban emigration. The agreements could render these limitations meaningless since the migration dialogue is proving that both parties can reach an understanding despite their differences.

Bolanos on SELA's Criticism of U.S. Embargo

PA1507223695 Havana PRENSA LATINA in Spanish 1713 GMT 15 Jul 95

[FBIS Translated Text] Mexico City, 15 Jul (PL) — Cuban Deputy Foreign Minister Jorge Bolanos said today the recent criticism by the Latin American Economic System (SELA) of the blockade against Cuba is a clear indication of the regional rejection of that measure just as the United States is trying to intensify it even more.

In an interview with PRENSA LATINA, Bolanos, who has represented his country at the 21st SELA Council held in San Salvador, said that not only was a resolution condemning the blockade issued but this resolution also condemned the efforts by several U.S. legislators to pass a law to intensify restrictions against the island.

He said only two of the 22 countries represented in San Salvador (El Salvador and the Dominican Republic) abstained from supporting the document, but they did not oppose its approval by consensus.

Bolanos believes the significance the region gives this matter was also reflected in the changes made to the meeting's agenda. He believes the changes were made in order to study the topic during the first day under the category of substantive matters as opposed to "general matters" as had been originally planned.

The SELA Council also recalled the international rejection of the U.S. blockade against Cuba, because it violates principles accepted worldwide such as sovereignty, the freedom of trade and navigation, and the noninterference in the internal affairs of other states.

Bolanos said that in his talks with the delegations from other Latin American countries gathered in San Salvador, he was able to confirm the understanding toward his country's position and [words indistinct].

Concerning SELA's future during a time of increasing globalization of the world economy, Bolanos said the existence of two fundamental trends has become obvious: one that attempts to turn it into a solely technical instrument and another that advocates leaving its political reasonings intact.

According to him, the organization cannot concentrate solely on macroeconomic topics and forget the situation of more than 200 million Latin Americans who live under the poverty level in the region.

Bolanos said it seems oftentimes that the criteria of only part of the population of the continent, where the rich are getting richer and the poor poorer, is listened to in the debates and analyses SELA promotes.

According to my country, SELA must modernize itself and adapt to the new times without putting aside the principles that created it, the Cuban deputy foreign minister said.

He said the magnitude of the issue made possible the discussion of all issues during the meeting, where a new meeting of foreign ministers, probably in Caracas in October, was agreed on to continue with the analysis.

Amat Discusses Election Results 11 Jul

FL1707024295

[FBIS Editorial Report] Havana Cuba Vision Network in Spanish at 0130 GMT on 12 July carries a 30-minute edition of its regularly scheduled "Open Agenda" program, including a live or recorded studio discussion between program host Antonio Resillez and National Electoral Commission President Carlos Amat Fores on the results of the 9 July district elections.

Resillez opens by referring to last week's announcement that tonight's show would be about the elections. He also alludes to Amat's news conference the previous night, noting that both national and foreign reporters participated. He says that despite Amat's thorough, precise explanations during the news conference, more on the subject needs to be discussed. He expresses the particular need to review the elections in an historic context. He thanks Amat for keeping his promise to appear on the show, despite how tired he must be.

Resillez explains that the election process has not yet ended. He reiterates that more than 7.5 million Cubans voted and that certain topics for discussion seem especially interesting. He reminds Amat that he had raised the issue of Cuban electoral ethics during yesterday's news conference. He asks why this issue was emphasized and whether other systems lack the ethics of the Cuban system.

Amat explains that the Cuban system is "substantially different" from all others that existed before the Revolution's victory. He notes: "Our people have a bitter recollection of that system. We all remember all the things that took place within the electoral process: the sale of votes, election fraud, the very party system that would

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make candidates respond to interests other than those of the Cuban people. Perhaps, in retrospect, we should emphasize that our current electoral system is very different from that other one — that is, it is a process in which the will, the manifestation of the people's will, begins with the nominating assemblies — during which the candidates are nominated — and culminates with the elections."

Amat continues: "Unfortunately, electoral processes elsewhere in the world fall victim to all those political manuevers. They are not immune to the vices and evils that past Cuban electoral systems suffered. Perhaps there is a subconscious desire to always highlight the virtues of our current electoral system and the difference that exists." Amat notes that efforts are made in Cuba to ensure that no one tarnishes the electoral system's image. He adds that Cuban electoral law has been drafted very carefully. Anyone who examines the law, he states, will find that the system is "very pure."

Resillez says that he visited the National Electoral Commission today and saw how the results were being reviewed. He points out that there has not been a great deal of international coverage of the elections.

Amat agrees, describing international covereage as insufficient. He states: "Anything that could tarnish the Revolution's image receives great coverage. All the agencies carry it. There is great interest in reporting on things that probably happen in millions of places every day. Yet, this gets no coverage: There is only silence. The enemy uses its vast media and publicity machine to turn even the smallest event here into a huge deal." Amat continues, saying that the elections have been downplayed. He points out: "It was only recently that anybody climbing onto a raft to leave the bay immediately caught the international media's attention." Amat adds that he believes that there might be some interest in wanting the world to remain unaware of Cuban elections and assemblies. Amat continues: "I think that perhaps after these results, certain agencies will try to darken or distort what clearly has been a triumph for our people."

Resillez reports that "NTV" has confirmed that the Foreign Affairs Committee of the U.S. House of Representatives has approved the Helms-Burton bill. He says it is unfortunate that the media did not carry this report to those gentlemen.

Amat then notes that foreign reporters at yesterday's news conference asked about this. He adds: "I do not think that there are too many receptive ears on that congressional committee. There are other powers and interests at play. They try to be more in line with those interests, which they promote." Amat points out that he belives that the Helms-Burton bill has had an impact on the Cuban electoral process. He adds: "What happened when the people of Cuba saw during our victorious revolution that we were being attacked, referring to the Playa Giron invasion? All Cubans dropped what we were doing and went to fight. We took up arms to defend our revolution. That same episode from the early years of our process has been repeated throughout history. What happened during the October crisis? We confronted the threat of aggression and the possibility that our Revolution was in danger. Everyone calmly took up arms and their places to defend the Revolution's accomplishments." Amat continues, assuring that Cubans unite when they see that the fatherland is threatened. On this occasion, Amat asserts, Cuba has had to take up political arms in the form of votes in light of the fact that the Helms-Burton bill is no less an aggression against the people. He repeats that the election turnout is yet another triumph.

Resillez stresses that this is an important subject and reminds that the elections have not yet ended, with a second round scheduled in some municipalities for 16 July. He asks Amat how many municipalities will stage a second round.

Amat explains that the process is the same, with a number of districts planning a second round and a total of 326 delegates having to be elected. He notes that 134 Havana City, 32 Guantanamo, 61 Santiago de Cuba, and 43 Holguin districts will hold elections. He says that he believes it will be less tense because popular support is already felt. Amat points out that once all delegates are elected, the next stage will include forming the municipal assemblies and then electing the presidents and vice presidents of those assemblies.

Resillez asks if there is an estimate on when the entire process will conclude, to which Amat responds that the law states it should be no more than 21 days after the elections.

Resillez asks when the next elections will be held. Amat replies that they should take place 2.5 years after the current elections, although the exact date cannot be announced this far in advance.

Resillez recalls that in an earlier interview with Ricardo Alarcon, National Assembly of the People's Government president, he had asked whether Alarcon wanted to add anything further. Alarcon then commended the efforts of the people nationwide.

Amat then takes the same opportunity to thank the millions of Cubans who participated in the process. He highlights the work of all the commissions, which, he explains, carried the weight of the entire process on

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their shoulders. He thanks the municipal and provincial governments, the delegates who were not reelected, the Union of Young Communists, the Committees for the Defense of the Revolution, and the Pioneers.

Resillez thanks Amat for his appearance on the program and then thanks the viewers.

At 0200 GMT, the program ends with Resillez announcing that "Open Agenda" will broadcast from Guantanamo next week.

Alarcon Addresses ANPP on 9 Jul Elections

PA1607155595 Havana Tele Rebelde Network in Spanish 0200 GMT 15 Jul 95

[Speech by Ricardo Alarcon, president of Cuba's National Assembly of the People's Government, ANPP, and member of the Politburo of the Central Committee of the Communist Party of Cuba, before a working meeting of the ANPP in Havana on 14 July; from the "This Very Day" program — recorded]

[FBIS Translated Text] I think this analysis meeting was truly useful, and we should view it as part of a process that we must develop in a natural and normal way. We must be concerned about permanently and systematically assessing the way in which our system works, finding those aspects that can be improved and the steps that can be taken to make it more effective and to deepen its development, and so on.

We should, of course, start from a basic concept, which has been presented here by several companeros: that is, to find the answers to questions by ourselves; to be aware that we are developing a system that is ours, that is Cuban, and that is in keeping with certain political ideals that have profound patriotic importance — national independence, national identity, etc. We should also identify with a universal ideal, socialism, which we have no reason to look upon with fear or hesitation, but quite the contrary. Everything that we are doing in all areas seeks only to achieve this — to preserve our independence, our identity, and the values of our society.

It is understandable, as I explained to some companeros, that some people outside our society will find this difficult to understand. Some of them, of course, because they have to... [pauses] because they respond to certain interests. They want to defend a system and a practice that they are taking great pains to try to associate with the idea of democracy, although they are running, from the very start, into a major obstacle: that is, few persons in those societies believe in that idea or believe that this ideal corresponds with the reality they are living on a daily basis. Others perhaps simply because it is difficult for them to understand a reality as different as Cuba's.

For example, as for the topic of the participation level, some outside Cuba have a hard time understanding how 97 percent of the electorate went to vote. If they analyzed this development more deeply, it would become even more incomprehensible to them, because in Cuba when we talk about the electorate we are talking about everyone, the entire population starting with the voting age — which, as we know in our country, is lower in our country than in many other places.

All those great democrats that are out there, however, who are calling for a specific type of elections, multipartisan, and so on, if they analyzed their respective realities, they would find out that they are talking about part of the population, and only one part, based on which various data is issued. In other words, we can say that 97 percent of registered voters cast their votes, but we can also say that that 97 percent of registered voters correspond to 97 percent of the over-16-year-old population, with the exceptions applied in Cuba and elsewhere: that is, persons deprived of their electoral rights by a court or who are mentally disabled to make a decision. I think this is the world over... [pauses] I think this is virtually a universal principle; that is, the excluded ones.

People are excluded elsewhere for different reasons. But here there is a fundamental difference, that is to say, the possibility of becoming and being registered as a voter. I would like to begin by making some references. At other times I have taken out this old volume, the last Population, Housing, and Electoral Census produced in Cuba before the revolution. This census was aimed at the so-called elections under the Batista government.

Here are some interesting data regarding what I have just said. The ratio of voters to the general population. This is to say, how many Cubans of voting age were members of what was and still is known as the electorate, the people who made up the group later to be described as a specific percentage of voters.

According to this census, the highest percent of voters was 55 percent, and this occurred in Matanzas Province. This percent was of the population 21 years old or older — 21 years was the electoral age at the time — registered. In the old Oriente province — as we know, there are five provinces at present — where more than a third of the Cuban population lived at the time — the number of voters registered represented 36.1 percent of the total.

Let's see what the authorities that performed that census have to say, trying to explain why so low a number of people made up this electorate. Little transportation

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available in the rural areas of this province whose extension, compared to that of other provinces, is considerable.

This small amount of transportation made it grievous for new voters to appear before the municipal electoral board to be examined, because they had to travel long distances and consequently neglect their duties. In Oriente, there were 24 municipal electoral boards at the time.

According to a chapter devoted to the electoral census in this book, for a citizen to be registered as a voter, he had to go to the board three time. First, to file his application. An analysis supposedly was made to determine whether or not he was registered as a voter. If his name failed to be found in the registry, he could be registered and summoned by the municipal board, where he had to go to make certain arrangements, such as having his picture taken. Many outside people speak of too many controls in this society, including an I.D. Well, at the time there was an I.D. to be added to an electoral I.D. In other words, there was a second control document on the citizens who made up this electorate. His third visit to the municipal board would be to receive his electoral I.D.

Imagine, companeros, our people walking in the mountain over muddy trails, without the benefit of the transportation infrastructure that the revolution has developed. Imagine having to go three times to a place so he could enjoy the great privilege of becoming a part of the electorate. Granted, the electorate in that famous republic was much smaller than our present electorate.

What is Cuba's electorate? All Cubans older than 16 years of age who have not been stripped of their voting rights because of a court decision or who are not mentally disturbed. In many places worldwide, particularly in Latin America, voters must not only walk many kilometers through the jungles, the woods, or the countryside to be able to register — the most basic right, the right to be considered — but they must also do this to vote.

Not long ago I was speaking to some comrades, some friends from El Salvador — a country that will soon hold elections — and they told me that one of the leading demands being made by the leftist organizations is that people do not have to go to the municipal capital to vote, because that is where people must vote in that country.

In our system, there are a number of features that it is always convenient to consider, even though there are in-depth differences, as Ramon [not further identified] mentioned, between the so-called liberal democracy and our democracy. All things considered, we can use them to draw a comparison to try to come close to that alleged model, but there is a reality of conflict, debate, and discussion worldwide that they are also trying to bring, to introduce into our country as part of the entire campaign to undermine the revolution and so on. They want to make it seem as though there are desirable practices that we should copy from other countries.

However, if one assumes this discussion, even using any of the instruments that should be presumably acceptable for the so-called liberal democrats, it would be worthwhile considering some features of our system, which we can manage — as can be done with anything in our lives — to improve and perfect.

Some features of our system more than crushingly defeat any of the systems that prevail beyond our borders in any comparison made. First, I would mention what I would describe as virtually automatic electoral registration, because there is nothing more simple for the citizen than having the chance of electing and of being elected.

The voters must not be forced to walk kilometers or endure the tragedy that millions of people on this continent must endure and which millions of Cubans had to endure in the past to take the basic step: being recognized as an elector.

This somewhat explains certain aspects of the information provided by those comrades who constitute the electoral commission and all the comrades who constitute all the electoral commissions here are aware of this. There is a difference between the number of voters who appear on the so-called primary register — those lists that are disclosed everywhere, in every neighborhood of our country — and the actual number of voters who turn out on election day, because there are thousands of citizens who go to the electoral college on election day and there register their names in a certain neighborhood and subsequently go out and vote.

They have not had to go through those very complicated steps that used to be the normal practice and which are still the normal practice today in many countries throughout the world — I won't say in all of them — but in many of them. At least, it is typical in this area.

Of course, there is another side to this issue. Some people never registered; however, they voted all their lives. Some petty politician could vote an entire lifetime using his name, using his voter's identification card, and that worker, that peasant, never in his life owned a voter identification card.

In Oriente Province, only 36 percent would vote. And the rest, wasn't there someone to steal their vote,

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to usurp their electoral rights? At this very moment, how many people are not being deprived of the most elemental right to vote in rural areas and in the most populous neighborhoods in Latin America?

I would say another factor is the extension of the electoral commission so that they are practically within arm's reach of all citizens. Look at the difference between a Chalatenango peasant traveling through the mountains in that Salvadoran Department to reach the town of Chalatenango, to reach the electoral commission in order to vote, and our electoral system, which multiplies the number of electoral commissions and places them practically within reach, as much as possible, of the population.

Of course, there is something which many outsiders find difficult to understand — that the candidates are chosen by the voters themselves. Let us analyze their criticisms. Someone here commented that a reporter said that the party proposes, or the CTC, or whoever, but proposes, because in their distortion they cannot say that the party postulates. We know that it is the people themselves who have proposed the candidates. Of course, anyone who has been active in the party does not cease to have the same voting rights as the anyone else. Among these is the right to propose whomever he considers as the best delegate in some electoral district. But we know that there are electoral districts in which someone has been proposed, and another person has spoken against him. In the end, that is decided by a vote.

In the famous liberal model used in other areas, the people are not given an opportunity to vote to decide whether someone will or will not be a candidate. He is a candidate because a political group has so determined. Even though they criticize us, they must admit — because there are too many witnesses, because there were thousands upon thousands of meetings throughout the country, and millions of witnesses — they have to admit that nowhere has a candidate been imposed on the people. Instead, they have been proposed in neighborhood meetings. The proposal concludes with a secret vote where the people are free to express themselves.

In our case — I repeat this, comrades, because it is very important — those who express themselves are not members of the so-called electorate, but the entire population over 16 years of age. It includes patriots, and those less patriotic; the very intelligent, and the less intelligent; and those who thoroughly understand the voting procedure, as well as those who do not understand it very well.

I believe there has to be a margin for error. How can there not be a margin for error when we are speaking about an entire society, with regards to limits to misunderstanding, to different levels of understanding, and the rest?

The quality of the voting behavior of the Cuban people is admirable. We are talking about the country's entire population. No country in the world, at least in this hemisphere, can speak of its elections as something that concerns the entire voting age population. They must all recognize that they are speaking of a portion of the population — a portion of the population that has been able to overcome obstacles, which are very difficult and very complicated in some places. These obstacles have been designed to prevent all of the people from becoming part of the electorate, over which the political groups can manipulate votes and attain power.

These notorious cases of political corruption — such as existed in prerevolutionary Cuba — were designed to steal the vote of all those who do not belong to the so-called electorate.

It has also been said, among other things, that we lack... [pauses] Oh, I almost forgot to mention a very interesting detail. Who encouraged voters to have their pictures taken? The Armed Forces of the Republic of Cuba, according to the electoral law of those days. Could you imagine our militiamen, our soldiers, our uniformed policemen inviting our people to vote instead of our little pioneers? The old republic, however, regarded it as normal for rural guards to deliver the notifications to go to the municipal electoral board.

It was one of the mechanisms established by law, and an established practice in this country. This was not during the past century. I am talking about 1954, during Batista's electoral farce.

Our electoral commissions are directed in their majority — and I believe we must repeat this — by women. Although the number of female comrades elected as delegates may not be as satisfactory, the majority of the authorities in all the electoral commissions throughout the country were female comrades. The custody, as you know, was provided by our pioneers.

As far as I know, there have been no charges or accusations of fraud. There were some incidents — the ones you mentioned — which were evidently minor incidents of a different nature, but we have still not heard any accusations anywhere in Cuba or any report about disorders or wrongdoing committed in any electoral commission. Another important aspect is that, after the public vote counting, I wonder how many of those journalists who supposedly carried out exit polls went to the trouble of returning to those same electoral commissions for the actual counting of votes.

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I know of journalists who covered the 1993 elections and witnessed the counting of votes.

In my case, I have an anecdote I have mentioned many times. I learned the number of votes I obtained in my electoral commission from a Chilean journalist, who told me how many votes I had received. When he arrived there he was very fearful, because this cannot be done in other places. When he saw that the ballot boxes were going to be opened, he excused himself, but he was asked not to leave, because the vote counting was public. He was even invited to help with the vote counting. He read the number of votes.

He would say, Alarcon, you got so many votes. No one can exaggerate the number of votes obtained, but he told me how many votes I had gotten in the electoral college. I asked him: How do you know that? He replied: Because I counted them. I do not know how many countries worldwide truly guarantee people's right to vote and freedom to vote for the candidate of their choice without having a policeman threatening them or a politician bribing them, and allow them to be present whenever the ballots are counted.

Here is another thing considered different, and which some people view as a criticism, but which I believe is one of the thing we should be most proud of: the absence of an electoral campaign. We do not have the mercantile competition that occurs in other places. I believe this is an advantage, because this competition, this publicity, this alleged or real rivalry between two candidates, and the alleged advantage voters have to choose between two candidates who are competing against one another is, in reality, a way of depriving the people of their true electoral rights. In the long run, the one who decides is the one who has the most money. The one who decides is the one who is capable or has the means to promote his merchandise more effectively. Actually, this is linked to the amount of money spent in the campaign. In this way, the doors are closed to the people below. It becomes much more difficult for poor people to become candidates. Where on earth would a worker, a humble man get the millions of dollars an electoral campaign costs in any Western and Christian country?

First, they shut the doors on him as a voter. They make it as difficult as possible for him to register to vote. They then close the doors on him as a candidate, making it practically impossible for anyone who does not have the financial funds to run for office in that electoral process.

The element of surprise at, or ignorance of, what is happening here pertains to [word indistinct]. In the last instance, the exercise of voting rights, which is an essential part of a democracy—democracy in a real sense, the power of the people, the participation of the people in its government—cannot occur if certain social conditions are not met within a specific framework in a society. That framework exists in Cuba, as it exists in very few parts of the world.

Some people are surprised at the level of voter participation in our elections. If one were to analyze this point, there would be reason enough to affirm that the Cuban revolution has been an endless succession of surprises, surprises that have been characterized by the increasing participation of the people in that historical process that has been happening in Cuba since 1 January 1959—the Cuban revolution.

The struggle in the Sierra Maestra, the insurrection, the entire process against Batista's tyranny has not ended. The actions of the Cuban people during the general strike of January 1959 ensured the final blow, the coup de grace given to Batista, that no change of command occurs in Havana and prevented the establishment of a military junta or a puppet government.

From that moment on, the Cuban people entered history. They became the protagonists of their history. Let us see what has occurred since then. Let us see if the fostering and development of a real, effective, systematic participation of the Cuban people in everything has not been an essential factor of the revolutionary process.

The well-known Committee for the Defense of the Revolution [CDR] was created. Yes, the primary and most important task in its initial phase was defense, the struggle against the counterrevolution. We are proud of that; we should not be afraid to admit it. Those who say there is one of these committees in each sector, in each neighborhood are quite stupid. What do they mean? This organization is the broadest, most representative one the Cuban people have ever had. Those committees emerged as an expression of the people's organization to defend themselves. They were not organized bodies or selected groups that had dogs and sophisticated equipment as all the so-called democratic societies in today's world have. Those groups can really repress the people; they are very efficient in preventing any risks within those societies.

What did the revolution do when the subversive, terrorist actions began against our country? Call on the people to defend themselves. Millions of Cubans participated. We know, of course, that this has not been the only role the CDR has played. The CDR has really become the people's broadest and most representative organization. Members carry out a number of important activities of all kinds within the community. One of the main tasks continues to be the defense of the revolution, because it is still being threatened and harassed. We should not be afraid to recognize that we do have powerful—because

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they are very large and have the people's support—organizations to defend the revolution.

Why don't they try to organize committees for the defense of capitalism, committees for the defense of liberal democracy? They could organize their people or let the people organize themselves to defend those societies.

By the way, many capitalist countries have committees of self-defense. The wealthy have had to organize committees of self-defense in New York and California. There are organized groups in the United States of so-called vigilantes that do not have our motives but have been created because of the increased crime, violence, and social problems in that society. It has been necessary for them to be organized, because the police and specialized bodies are not enough. So the people have taken their own measures to defend their interests.

What is the agrarian reform? The agrarian reform is one of the fundamental steps in the democratization of the Cuban society of ending latifundio, our peasants' serfdom. For the first time in their lives, many Cubans became owners of the land on which they and their families had worked for generations, a right they had never before exercised. With this process, many Cubans began to participate in their government and society. What other democratizing, radical, and deep measure could have been taken in this country other than the 1959 law? Since then, many old serfs, now liberated, have started a completely new life. Many of their sons and grandchildren have also had this experience, a point which astonishes millions of landless Latin American peasants. The children of men who roamed main roads 30 years ago are now engineers, biologists, teachers, doctors, or whatever.

The elimination of the racism and racial segregation that prevailed in this country up to 1959 led to the true democratization of our society. Cuba is not Latin America's only society. This is not the only country with blacks, mulattos, half-breeds. We do not have Indians, who make up the majority of the population in other countries. Yet the great democrats of the world should also calculate how many blacks, mulattos, or half-breeds hold some degree of authority in countries where the majority of the people are not white. Where are they?

Speaking of Western Christian democracies, I attended a Hispanic-American meeting where I heard a well-known Western Christian democrat, former Guatemalan President Serrano, speak about the goodness, benefits, and marvels of what he said he was doing to democratize his country. You will remember that his government was ended by a coup and failed, and he consequently ceased to be president of his country. Liberal democrats are nearly always charged with this crime. This man talked unceasingly about how human rights were respected and parties were free to speak in Guatemala, yet I do not know what happened to him. He had a moment of surprising candor and admitted: We do have a problem. All politicians, parties, platforms, and programs are prepared in Spanish, but the majority of Guatemalans do not understand this language, which is not their mother tongue. And what Serrano said or what slipped off his tongue in a moment of surprising candor could be said by a few Latin American political leaders if they are also sincere.

Imagine a democracy. First, you must manage to be registered as a voter. Then you must find ways to vote, supposing you have been permitted to register as a voter. Millions must guess about what the devil a candidate means when he speaks in an incomprehensible jargon.

Now, one does not find these comments or analyses here, but one does find here....[pauses) I do not know who this journalist from a Spanish daily is. He speaks about Cuba implementing a system compatible with its surroundings, a system compatible with its surroundings. We want to say I do not think so! I do not think so! [laughs] Here we are dealing with precisely the opposite. I am not going to say the surroundings should be compatible with themselves and should be as they say it should be. This point is something for them to decide on and resolve. We do not have to be compatible with our surroundings. We have to be compatible with ourselves, our history, and our own development.

Literacy and the educational revolution that took place in this country: The amount of Cuban voters who cast their votes is surprising, but the fact there is a society in Cuba that eliminated illiteracy a long time ago must be more surprising. No one even remembers when this happened.

Youth: Regarding the famous discussion we previously had, the people who witnessed or who were born in the year of literacy campaigns do not already count within those 30 years. More than 30 years have elapsed since the time we eliminated illiteracy in this country.

When the illustrious and democratic presidents, all of them, except Fidel Castro, of this hemisphere met in Miami, they did not pledge to do away with illiteracy; they pledged to substantially reduce it by I do not know when in the next century. When that time arrives and if they keep their promise, companeros, the grandchildren of those who were illiterate, of those we taught how to read and write in 1961 will be living here and enjoying a more cultured and civilized life. Who were those who taught? It was not a group of specialized pedagogues. Of course, there were companeros who

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were specialists and worked in these campaigns, but it was the people themselves. The people, young students and workers, were the protagonists once again. It was a mass movement. It was not just a mass movement as it freed masses of Cubans from the lack of culture; it was also a mass of Cubans who conducted this campaign.

When we think about public health and all those changes we have made in this field, how many mass immunization campaigns have been conducted in this country? What the hell does this point mean? It meant that all children were being vaccinated and that thousands and thousands of Cubans participated in this immunization campaign.

We could say the same thing about culture, not just from the standpoint of its extension to the entire territory and of taking books, movies, and theaters to places that never knew of them before, but also from the standpoint of incorporating the people to artistic expressions—all instructors and all aficionados.

Even science. Where else can we find and why are we not surprised about movements such as the Forum on Technological Sciences held in Cuba? What is this forum? It is thousands and thousands of people who, as a natural and normal activity, are devoted to research and making significant contributions to Cuban society. This is not only a group of scientists or specialists [words indistinct]; it is also a mass element.

You could be surprised at certain artistic expressions such as classical ballet, which is classically associated with a rather elitist expression of art. You have to come to Cuba to see how ballet goes to the masses, to see how this art becomes a popular art. The list of surprises is really not easy to run out.

Sports: We do not have to [words indistinct], but I believe in [words indistinct] worst adversaries have to recognize what is inevitable, because Cuba participates in all international competitions and is still participating, even after the special period. It continues to participate despite all the limitations. We all know the relationship between high performance sports and sports of quality. There is mass participation and an opening, for the first time, for millions of youths who now have the opportunity to practice sports.

Within the process of our economic development, let us think of the many millions of Cubans throughout these years who participated in all the economic battles in our country. This might be distorted and viewed differently abroad, but it is one of the most noble characteristics, one of the biggest virtues of this society.

Last night, I met with Comrade Raul Suarez [words indistinct] and a group of religious and patriotic Cubans who are now in your municipality [words indistinct] each year performing voluntary work. I was telling them I thought it was good; it was magnificent. At this time, at this period in our history, in which we see ourselves compelled to introduce elements and mechanisms that we did not exactly choose and that do not coincide with our philosophy, let us praise the values and virtues of our ideology and our society. It is quite good for Christians and socialists to join together in voluntary work, just as there are many people doing many things while not simply thinking about dollars and the appropriate or requisite material enjoyments, which we have to eventually consider. Throughout the history of this country, in each one of the great economic battles — namely, our sugarcane harvests — the activities of these particular sectors have been activities with which all of us have felt committed and supported.

I began speaking about the Committees for the Defense of the Revolution, but if we think about defense in general, ranging from the national revolutionary militias to the territorial militia troops, the entire population's concept of war is the idea that the people are protagonists and real participants in tasks and missions that in other very democratic societies are carefully restricted and limited to professional and specialized teams, because very few people in those societies dare to play with this little chain [cadenita]. Very few people dare to give the people the opportunity to arm themselves or train themselves militarily. Throughout the revolution, however, this has been our concept, a popular concept of defense. We now have the doctrine of war of all the people. The entire population fought at the Bay of Pigs, not just soldiers. The entire population, students, workers, everybody, fought against the bandits.

Finally, the internationalists: Is there an example of democratic participation more real, more noble, more honorable than internationalism? Not only in the military sense, Cubans demonstrated their solidarity by participating in missions in certain African countries. Hundreds of thousands of Cubans have participated. In addition, Cubans have cooperated as civilians in many African, Middle Eastern, and Latin American countries.

We can see that a constant, an essential factor of this socialist project—I am not saying it has always been this way, but it has been so here—is the trajectory of the people's participation promoted by the revolutionary leaders from the beginning. If we take this point into consideration, it really should not be difficult to understand why there is also such a broad and real level of protagonism in something that is also essential for our people: the electoral system.

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It is admirable that these elections were held under more complex, more difficult, and harsher conditions for our people, who are being deliberately, systematically, and largely harassed to weaken their awareness, to divide them, and to make them hesitate. In addition—we must be aware of this point—a sector of this population inevitably hesitates, doubts, and feels affected by the material pressure of living conditions and by all that propaganda hanging over them. Taking all of these events, the fact that what we are really gauging is not the electoral body but the Republic of Cuba and the results of the elections, in both number and quality, into account, there is no doubt that it was one of the most significant political victories for these people since the victory of the revolution. I would say it even confirms the certainty with which we will succeed and the fact that this revolution is indestructible, unless we all change ourselves and perform an irresponsible act typical of crazy folks unaware of the people we have. This reason is why, as several female comrades have rightfully said, those who were elected and all those of us who have responsibilities toward our political system have a major commitment at this time. It is a major commitment we must honor with full confidence.

I think the results of these elections show us that we have the capacity to continue developing and expanding our political system. We are duty-bound to do that. I think this is an essential element of the people's mandate in these elections. If we can summarize this mandate, we can say it rebuffs those who seek to subjugate us or to conquer us through starvation, poverty, and shortages — in other words, to hand us a defeat through a blockade that has been increased, stiffened, and so on — trying to deprive us of our independence, national dignity, and social gains, or trying to deprive us of this political system so they can impose theirs on us, so that our electoral mechanism will be stunted, so that the people do not nominate candidates but political cliques, so that merit or talent do not prevail over money, and so on.

In addition, in order to avoid being....[pauses] We do not want to be a model, because we are not expecting anyone to copy us or anything like that. We want to have an inevitable point of reference, a point of reference because there are many people who want to end the injustice in which they are living or are attempting to live. There are many people who would like to be able to nominate their candidates. There are many people who would like to be not prevented from becoming voters and who would like them not to make it quite difficult for them to vote. There are many people who would like to eliminate racism and discrimination. In short, there are many people who would like many of the things Cuba still represents for them, the reason why they do and will do anything possible to attempt to mar, adversely affect, and tarnish Cuba's image.

It is not because we are wrong. It is not because we are doomed to perish. Quite the opposite, comrades, quite the opposite is true. It is because they are afraid, afraid I tell you, that if a genuinely popular program survives — a genuinely popular endeavor, created by a people, defended by a people, developed by a people; an authentic, genuine, vital, national, and Cuban socialism — they are afraid that this will stimulate, serve, and contribute to the struggles of other people who will not cease striving for these same ideals, no matter what happens. These people will be able to count on Cuba, on the existence of a country where its ideals survive and where the people adhere to them. That makes a tremendous difference. That is why no matter what we do or how we do it [chuckles] they will try to hurt the image of Cuba, besmirching it, opposing it, or struggling against it, because this is an indispensable means to attempt to preserve their privileges, injustice, and the regime they call democratic, but which is exactly the opposite, because it negates the authority of the people, the emancipation of the people.

I believe the message, the mandate of our people, is to reject this attitude and affirm that, in spite of everything, in spite of all our setbacks, we are not willing to return to the past, give up our achievements, or give up our work.

What else does this mandate entail? It also entails an obligation on our part to count on these people, trust these people, and realize they are telling us that the conditions are not only ripe to defend our political system by criticizing our adversaries and answering those who try to tarnish us, but above all, by making our system better, more efficient, and more solid every day.

So what is the essence of our system? What is it that we proudly claim that differentiates us and places us above all others? That here we do not have a fictitious democracy. We do not have a simply representative democracy, as they claim theirs to be, but ours is a genuinely representative one, because the people truly participate. We have the obligation to turn these elections into a starting point to relaunch our political system and to make a real effort to strengthen, develop, and deepen the work from below. I think, for example, that one basic thing, one basic difference that others do not have is that here an election is not simply an electoral act. Here it is not where the apparent and formal exercise of democracy starts and ends, as is the case out there, when one drops a ballot in a box. It starts here, it started historically with the emancipation

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of the people, and it is maintained and supported in that emancipation of the people.

However, our electoral exercise begins at the moment the citizens get together and, among other things, nominate and decide who the candidates will be. It continues on election day, but we are now reaching a fundamental stage: we are going to institute the municipal assemblies and the people's councils in the wake of the recent elections. I believe the municipal assemblies and the people's councils, the elected delegates, and all sectors of our society have a responsibility with a large majority of our people, who gave such a magnificent and admirable demonstration of patriotism and revolutionary awareness.

We have the responsibility to improve this system, whereby our people stated their will categorically, and to make it work even better. We have the responsibility to call on everyone to help make the work by the elected delegates more effective. When the elected delegates must speak or negotiate something with other local organizations, those organizations should keep in mind that these persons, these comrades, are delegates because the Cuban people decided to elect them at our most difficult historical juncture. This circumstance not only vests the delegates with the moral, political, and legal authority conferred by our Constitution and our laws, but it also gives them an even more profound moral and patriotic authority.

Here, everyone must help to make the delegates' work and activities increasingly efficient and real in the sense that they have popular support. Everyone must assist them because the people decided it through an unprecedented decision at — I reiterate — our most complex and difficult historical juncture. The municipal assemblies and the people's councils should make a special effort in the second half of this year to channel this impulse of our people's patriotic will, which was categorically stated last Sunday. I urge everyone to participate in this struggle, starting with the outgoing delegates, those comrades whom I would like to congratulate once again.

Companero Fidel described them as heros. I think they have really been heros. I think they really have highlighted our people's morals and combativeness under very trying circumstances in the term about to conclude. In addition, the candidates who were not elected delegates because the people elected someone else also have a moral and political authority in the community. The people proposed them for some reason. For some reason they were proposed as candidates. From a political viewpoint, our delegates should regard themselves as organizers, mobilizers, orienters, and articulators of the community's collective action. I think these people deserve that we aid them and lean on them to keep progressing in the deep transformation of some concepts and practices.

We should abolish formalism, the static idea of a delegate transmitting the people's complaints about the administration, by taking into consideration a necessary, normal, and logical factor in any government system, this is to say, seeking cooperation and taking joint actions to face the problems at the neighborhood level. How can we not rely on such a people's ability to act like this, considering that these people have demonstrated such a high level of awareness, patriotism, and revolutionary firmness under the most trying conditions?

This is not easy. But this is the true challenge that the democratic concept implies. Ultimately, democracy consists of having people participate in the government. In fake democracies, all that the people do is cast a vote, by themselves or through someone else, to elect someone who will act in the people's name. But the people often remain mute witnesses to the things that others do.

True democracy or, to use a synonym, true socialism, implies, presupposes, and demands that the people stop being a passive entity and become a true protagonist in the community's life. How can this be? These people taught themselves how to read and write, defended themselves, healed themselves, got organized to defend themselves, carried internationalism to many corners of the planet, and responded exemplarily in the homeland's trying and complex time. How can we not believe that we can do much more in terms of the people's true, daily, systematic incorporation from the ground level up? How many things can we not improve to the extent of the people's true participation?

There will be no miracles, of course. Nonexistent material resources will not be created just like this, but it is possible to face, combat, and eliminate defects in the Cuban people's consciences. It is possible to combat neglect, vices, mistakes, and subjective assessments, to use a well-known term.

Why should we doubt that we can do all of these things and develop them much further if we rely on the most important factor, what is lacking elsewhere, an organized, firm, and cultured people, a people committed to this work? Let us perfect this work. Let us make the people's work more meritorious every day. Let this work become as the people truly demand, but with the people's participation.

I am suggesting the following to the companeros of the municipalities in attendance here. I would like

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to start this new term by seeking the cooperation of every rank-and-file member, starting with the outgoing delegates, continuing with the nonelected delegates, then with all elements in the community to determine which problems they have faced in each place, which ones have been presented by the people, which ones we can resolve. I will seek the people's cooperation and assistance immediately. The people here will not disappear until the next elections.

This is a system that has to be buttressed; that has to be developed; and that will become stronger, more profound, and more consolidated to the same extent that we engage more in it, develop it more, and continue to conjugate the verb to participate. All of us must participate. We will not achieve this today or tomorrow, but we are working on it, ever since all of our people went on strike in January 1959. Thirty-some years later, 9 July shows that the immense majority of our people continue to support those ideals and convictions. That is our principal strength.

I am certain that we now have in the test of the last elections proof that, in the political field, in the organizational level, and in the level of these institutions, we are in a position not only to assure the victory of the revolution in the face of all of our enemies, our adversaries, and our critics, but also the possibility, despite everything else, of making it even stronger, more solid, more noble, and more beautiful, even amid these circumstances. I am certain that this will be the attitude of all of those chosen in these elections, or those who will be elected this coming Sunday, when taking on their responsibilities. I express my confidence that we will continue on this path to show the world that this people cannot be defeated by anyone.

Thank you, very much. [applause]

'Hundreds of Thousands' Participate in Runoff Elections

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[Report by Ulises Canales]

[FBIS Translated Text] Havana, 16 Jul (PL) — Since early this morning, hundreds of thousands of citizens eligible to vote are going to the polls to elect, in a runoff election, their representatives in the municipal governments.

The electoral commissions were reinstalled in the 326 electoral districts (divisions used to divide municipalities) in which the candidates to delegates of the people's government (councilmen) did not obtain an absolute majority of votes last Sunday, to decide whom will govern the neighborhoods for the coming two and a half years.

At 0700 this morning, 1,184 electoral tables began to operate in more than 100 electoral districts in this capital and dozens of districts in the eastern provinces of Santiago de Cuba, Holguin, and Guantanamo and others that had to repeat the election.

Reports coming from Holguin point to a heavy voter turnout in the 45 neighboring electoral districts activated today, which should complete the election of 1,350 councilmen in that area.

Meanwhile, more than 39,000 voters are participating in the runoff elections of the partial elections in 32 electoral districts in Guantanamo, a constitutional right which has translated into patriotic reaffirmation and joy there, as it was chosen the site of the central celebrations to commemorate the 42d Anniversary of the Assault on Moncada Barracks on 26 July.

On the occasion of Children's Day, which is commemorated in Cuba every third Sunday of July, the elections are being held simultaneously with the popularly dubbed "street plans," in which games are organized for the children, who are also responsible for guarding the polls.

Calm, without disregarding pollwatching, and varied music playing through loudspeakers characterize the elections to choose one of the candidates for delegates, whose denominator for all — elected and electors — has been the promise to continue the social, economic, and political program of the revolution in an ascendant spiral.

At 1800, the people will be able to exercise their right to witness the vote count, which will finally disclose the names of the winners. Thus, the list of 14,229 councilmen in the 169 municipalities of the Cuban archipelago will be completed.

European Parliament Delegation Meets With Castro

PA0807043595 Havana PRENSA LATINA in Spanish 0021 GMT 8 Jul 95

[FBIS Translated Text] Havana, 7 Jul (PL) — Cuban President Fidel Castro has received a European Parliament delegation here. The delegation, which is headed by Stanley Newens, the Central America and Mexico Commission president, ended its visit to Cuba today.

Minutes before leaving, Newens, who did not give details about his meeting with the Cuban president, declared to the local press that the trip was very successful because they obtained a tremendous amount of information in just two days.

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He added that the delegation studied the possibility of increasing ties between Cuba and the EC during talks with local authorities.

The parliamentarian, who was accompanied by Jose Ignacio Salafranca, vice president of the above-mentioned commission, and three other officials, said: We talked about the difficulties that have impeded a better relationship, and, in this sense, our dialogue was basically very frank.

During their stay in this Caribbean country, the European mission delegates also met with Ricardo Alarcon, president of the National Assembly of the People's Government [ANPP] (parliament), with whom they reviewed existing relations between the ANPP and the Parliament of that geographic area.

The visitors were also received by Foreign Vice Minister Jorge Bolanos and Jorge Lezcano, president of the ANPP International Relations Commission.

Castro Attends Reception To Mark Papal Anniversary

PA1207041295 Havana PRENSA LATINA in Spanish 0308 GMT 12 Jul 95

[FBIS Translated Text] Havana, 11 Jul (PL) — President Fidel Castro here today attended a reception hosted by Papal Nuncio Beniamino Stella on the occasion of the 17th anniversary of the pontification of Pope John Paul II.

The Cuban statesman spoke at length with ranking church dignitaries and later greeted those present in the garden of the Nunciature.

Fidel Castro held a lively conversation with an elderly priest whom he has known since he was eight when he enrolled in La Salle School in 1934.

Both remembered the names of their professors and other school employees. The priest told the president that he is currently a priest of an urban church.

The event was also attended by Foreign Minister Roberto Robaina; Jesus Montane, aide of the Cuban leader; and other local officials.

Cardinal Jaime Ortega, bishops, other Catholic Church dignitaries, and representatives of the diplomatic corps accredited in Havana also attended the event.

Fidel Castro Attends French Embassy Reception 14 Jul

FL1507135895 Havana Radio Rebelde Network in Spanish 0900 GMT 15 Jul 95

[From the "Doing Radio" program]

[FBIS Translated Text] Commander in Chief Fidel Castro attended a French Embassy reception marking France's national holiday on the night of 14 July. Castro spoke with French Ambassador Jean Raphael Dufour and other diplomats. Also in attendance were: Ricardo Alarcon, National Assembly of the People's Government president; Cuban Foreign Minister Roberto Robaina; ministers; government and Party officials; and many foreign diplomats accredited to Havana. Castro highlighted the importance of the 14 July celebration and said that he was happy to visit the French Embassy.

Castro Receives Colombian Vice President De la Calle

PA1607145695 Havana Radio Havana Cuba in Spanish 0000 GMT 16 Jul 95

[FBIS Translated Text] President Fidel Castro on Saturday received Colombian Vice President Humberto de la Calle, who arrived in Havana on Friday for an official four-day visit. De la Calle described the meeting as warm and friendly and said that Castro showed great interest in Colombia's peace process and everything that happens there.

During the meeting, De la Calle delivered a personal message from Colombian President Ernesto Samper inviting Castro to the Nonaligned Movement summit to be held in Cartagena de Indias in October.

In his second day in Cuba, De la Calle and his delegation visited the Cerro Pelado Sport Training Center facilities in Havana. Sports, health, and education are some of the priority items on the high-level Colombian delegation's agenda.

Objectives of Visit

PA1507133795 Havana Radio Havana Cuba in Spanish 0000 GMT 15 Jul 95

[Report by Barbara Bethancourt; from the "Evening Information Review" newscast]

[FBIS Translated Text] On the afternoon of 14 July, Colombian Vice President Humberto De la Calle arrived in Havana and explained to the media the objectives of his visit.

[Begin De la Calle recording] First, the first objective, I would say, is to keep my word to Carlos Lage in

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Cartagena, where I told him that I accepted an invitation to visit Cuba. I also bring a personal message from President Ernesto Samper for President Fidel Castro in an effort to invite him to go to Cartagena in October 1995 to attend the world summit of the Nonaligned Movement [NAM].

In addition, we have some particular aspects we will discuss with the Cuban Government. For instance, we will broaden a technical and scientific cooperation agreement with Cuba on health matters, particularly on the supply of vaccines and medicines.

We will broaden existing cooperation processes in the education and sports fields. We will also take significant steps on issues regarding patents and mutual investments in the two countries — the development minister is here to do this.

As is known, we are working on the ratification of an agreement to protect investments between Cuba and Colombia. In short, I believe that there is a very large scenario in the cooperation and commercial exchange arena. There also is a number of common multilateral issues we want to go over with the Cuban vice president.

At the end of this visit, we hope to issue a communique or a document summarizing certain guidelines for the binational commissions. In multilateral aspects, we have been closely working with Cuba on a process of permanent talks at the many world forums, based on mutual respect and on the aspiration to fully integrate America, to seek new guidelines for the OAS, and to prepare a contemporary agenda for the NAM, based, again, on the principles of respect for sovereignty, nonintervention, and the peoples' free self-determination. [end recording]

De la Calle commented on the his country's objectives once it occupies the NAM presidency starting in October.

[Begin De la Calle recording] We indeed believe that with the end of the Cold War, we must give a more contemporary context to the NAM. We believe that, in this major forum for discussing Third World issues, there are new emerging issues, causing difficulties for all the countries of the world, especially countries such as ours. For instance, the drug trafficking issue, the issue of broadening the limits of democracy, and the problem of conserving the environment are such issues. In short, we conceived the Nonaligned Movement as the reality of not being a confrontational movement and as a major democratic forum for discussing and pondering the problems of the Third World. [end recording]

The Colombian vice president downplayed the possibility of the U.S. Government retaliating against his country because it will head a forum of nations belonging mainly to the so-called Third World.

[Begin recording] [De la Calle] I would hope not. Certain commentaries have obviously been made in this regard, but what we want, I repeat, is a contemporary agenda for nonaligned countries. In addition, Colombia has acted fully exercising its sovereignty regarding the decisions it is making toward this end. Honestly, we do not believe there will be reprisals. There are no reasons for reprisals, because we are trying to create a forum for democratic reflection on the problems of poor countries.

[Bethancourt] What about your relations with Cuba?

[De la Calle] Well, we restored our diplomatic relations with Cuba, and we think it was the right path. Other American countries have done the same. There are no reasons for this fact to be seen as an act of aggression or annoyance against any country in the continent. We believe in a pluralistic democracy, respectful of the right to be different and based, I repeat, on the principles of nonintervention and the peoples' free self-determination. We frankly want to see an America united in a contemporary and progressive diplomatic process that has no reason to be subject to exclusions of any type whatsoever. [end recording]

Colombian Vice President De la Calle will remain in Cuba until 17 July. He will meet, among others, with his Cuban counterpart, Carlos Lage, and with Cuban Foreign Relations Minister Roberto Robaina Gonzalez. He will also visit scientific, sports, and cultural centers in this capital, as well as the Varadero Beach Resort.

Reaction to Castro Meeting

FL1607233595 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 16 Jul 95

[From the "NTV" newscast]

[FBIS Translated Text] President Fidel Castro has met Colombian Vice President Humberto de la Calle. De la Calle gave us this exclusive on the meeting:

[Begin recording] [De la Calle] It was a very warm and friendly meeting. We spoke until very late in the evening. He knows Colombia very well and is very interested in our peace process, as well as in anything that is happening in our country. I had the opportunity to deliver a personal message from President Samper, in which he is invited to the Nonaligned summit in Cartagena in October. I hope...[pauses] I am confident that President Castro will go to Colombia for that event. In any case, I would like to say that the meeting's outcome was very satisfactory and that the meeting itself was entertaining and pleasant. It was a great opportunity to consider our countries' common future.

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[Correspondent] Cuban Foreign Minister Roberto Robaina met De la Calle for official talks at the Foreign Ministry this afternoon, primarily on various aspects of bilateral relations. De la Calle described relations as good. Cuba and Colombia resumed diplomatic relations in 1993: They have continued to strengthen in an atmosphere of cooperation and exchange since then.

The high-ranking Colombian delegation today visited the Cerro Pelado high efficiency sports center, Hermanos Ameijeiras Clinical Surgical Hospital, and a neighborhood constructed with low-cost construction materials. The visitors are interested in Cuba's advances in social, sports, education, and health areas.

De la Calle and his delegation arrived in Havana City on an official four-day visit on 14 July. [end recording]

Egyptian Ambassador Emphasizes Friendly Relations

PA1207133995 Havana PRENSA LATINA in Spanish 2328 GMT 11 Jul 95

[FBIS Translated Text] Havana, 11 Jul (PL) — The traditional friendly relations between Egypt and Cuba were emphasized here today by Shawqi Husayn Mas'ud, ambassador of that Arab Republic to Cuba, on the occasion of the 43d anniversary of his country's independence.

Our nations, he said, share views in the Nonaligned Movement, in the Group of 77, and within the Third World's struggle to reaffirm its sovereignty.

Touching on bilateral ties, he recalled that Foreign Minister Roberto Robaina visited Cairo twice last year and said Cuban parliamentary president Ricardo Alarcon has been invited to visit the country in 1995.

The contacts include a possible visit to Havana by the Egyptian foreign minister and a delegation of legislators and businessmen, he said, after referring to the expansion contemplated in the field of agriculture.

He also noted that a donation of medicine by the Half Moon organization in Egypt to the Cuban people is an expression of friendship and solidarity with the island and announced that another similar contribution will arrive soon.

Belize, Cuba Establish Diplomatic Relations

PA1607183095 Havana PRENSA LATINA in Spanish 1927 GNT 15 Jul 95

[Report by Antonio Rondon]

[FBIS Translated Text] Havana, 15 Jul (PL) — Belizean Foreign Minister Dean Oliver Barrow and his Cuban counterpart Roberto Robaina today signed in Havana an agreement to establish full diplomatic relations between both countries.

During the ceremony Robaina said that it was an act of justice to establish ties at the ambassadorial levels because the signing of the agreement resulted from previous cultural and trade meetings, which made it possible for both states to agree in their points of view.

Robaina added that "we always had the support of the Caribbean Common Market (Caricom), particularly Belmopan's (Belize), for the creation of the joint Cuba-Caricom Commission." Nor did Belize deny Cuba its support, he said, for its admission into the Association of Caribbean States and condemnation of Washington's blockade against Havana.

Robaina said that the establishment of full ties between both countries should be the starting point for a more secure relationship, adding that it is necessary to go beyond agreements and take specific steps.

Meanwhile, Oliver Barrow pointed out that the Belizean Government respects Cuba's reality. "We are neighbors in the Caribbean Sea, and this might help us achieve positive results; the principles of civilized behavior obligate us to maintain good neighbor relations."

Oliver Barrow pointed out that "with the establishment of full relations between our states, cooperation will increase and become stronger, and will give us an opportunity for joint service for both countries' mutual benefit."

The Belizean foreign minister told PRENSA LATINA that, now that the agreement has been signed, both nations will explore other means of increasing trade and making the utmost efforts in those areas.

Barrow, who is also the deputy prime minister of this small Central American state, added that "being a larger country than Belize, Cuba has developed in areas in which it can benefit our country."

Barrow also expressed the hope that the United States will respect Belmopan's right to "forge its own future without denying Havana's (Cuba) reality as a neighbor and friendly nation."

He further pointed out that the strengthening of ties between countries like Belize and Cuba could help to facilitate the integration process within the framework of the entire Caribbean basin.

The Belizean deputy prime minister said that "we must look for specific ways to deal with the influx of tourists into the region, attracted by Cuba, from which we can also benefit."

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Minutes earlier, Oliver Barrow spoke with the Cuban foreign minister, to whom he confirmed his country's rejection of the siege imposed by the United States against Cuba and the attempt to further internationalize the siege, as stated in the bill by U.S. Congressmen Jesse Helms and Dan Burton.

Barrow stressed, "I believe in respect for other peoples' sovereignty and dignity, and Belize is proud of the position it adopted at the United Nations against the blockade (Washington against Havana), which we consider immoral and illegal."

Italian Business Delegation Ends Visit

PA1407043395 Havana PRENSA LATINA in Spanish 2348 GMT 12 Jul 95

[Report by Juan Pedroso]

[FBIS Translated Text] Havana, 12 Jul (PL) — The first business meeting between Cuba and the region of Emilia Romagna, in Italy, concluded here today with promising prospects for economic cooperation and exchange.

Located in the northern part of that European nation, the aforementioned area has a great industrial development at the small- and medium-sized enterprise level. It has an extension of 22,000 square kilometers and nearly four million people.

This meeting was part of the fourth fair and first international conference on subcontracting, which is being held at the Exhibit Pavilion (PABEXPO) until next Saturday.

Experts in this area define subcontracting as the coproduction of small- and medium-sized businesses, with larger companies involved in the production of spare parts, elements, equipment or components.

Pedro Florido, general manager of the Subcontracting Exchange of Havana (BSCH) and head of the Cuban Mission, told PRENSA LATINA that 21 Cuban businesses and 10 foreign companies took part in the meeting, principally businesses in the metalworking, manufacturing, hydraulics, agro-industrial, and state-of-the-art techology areas.

He remarked that at the bilateral meetings, the two parties examined the areas in which economic cooperation and exchange may be increased, and he praised the professionalism and experience of the Europeans.

Florido insisted on the possibilities of the forum of using the idle capacities of the Cuban industry and on the reactivation of some entities which have become underutilized due to the difficult economic situation and the lack of capital, market or technology that the island is confronting.

Meanwhile, Roberta Trovarelli, coordinator of the Agency for Technological Development of the Emilia Romagna Region (ASTER), informed PRENSA LATINA about the intensity of the working meetings, in which 37 bilateral contacts were made.

The meeting exceeded our expectations by far, especially due to the large number of distributors, which is not common in other countries, Trovarelli affirmed.

Trovarelli lauded the professional level of local businessmen, whom she characterized as very skilled individuals with a lot of technical know-how.

Silvio Mignaro, an official of the Italian Embassy in Havana, stated that the meeting was very important, in general, because it strengthened Cuban-Italian commercial ties and, in particular, because the Emilia Romagna region maintains good relations with the island.

Mignaro recalled that many nongovernmental organizations (ONG) based in this Caribbean country, large part of the Italian tourists who come here, and some small businessmen come from the aforementioned region.

The forum was organized by ASTER, the BSCH [Subcontracting Exchange of Havana], and the EU's ECIP [European CAD integration project] Program.

Italian Diplomat Comments on Trade Prospects

PA1507040895 Havana PRENSA LATINA in Spanish 1807 GMT 14 Jul 95

[FBIS Translated Text] Havana, 14 Jul (PL) — Today, Silvio Magnano, Italian commercial attache, announced that Cuba and Italy will increase bilateral cooperation and trade.

Magnano said existing economic relations between the two countries are expanding and noted that during the first months of this year Italian businessmen have made important investments in Cuba in various sectors such as tourism, telecommunications, mineral water production and food.

"We have clothes and shoes of all prices and many of our corporations in Havana produce pasta and other typical Italian products. In general, we have a good level of technology and equipment," Magnano said.

During an interview with PRENSA LATINA, Magnano stated that the existing agreement for the protection and promotion of investments signed by Havana and Rome has encouraged a greater number of Italian businessmen to invest in Cuba.

"Last year trade exchange increased to approximately 160 billion liras — approximately $100 million — and

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in 1995 we believe we could reach up to 180 billion liras," Magnano said.

Magnano mentioned tourism as one of the main areas for investment, due to Italy's strong tradition in this activity. Regarding the number of Italian tourists coming to Cuba, he emphasized his country moved from fourth place in 1993 to second place last year.

In 1994, 66,000 Italian tourists travelled to Cuba — 10 percent of the total number of tourists — ranking second after the Canadians, who were approximately 110,000. He added that 100,000 are expected to arrive by the end of 1995 .

Magnano announced that Fiat, the most important Italian automotive company and one of the most relevant worldwide, signed an agreement with CUBALSE [Enterprise for Rendering Services to Foreigners] in order to sell 1,000 cars annually to Cuba.

Magnano viewed as important a recent business meeting between Cuba and the Italian region of Emilia Romagna, which opened new prospects for cooperation and trade.

Raul Castro Vows Socialist Revolution To Survive

FL1707020195 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 16 Jul 95

[From the "NTV" newscast]

[FBIS Translated Text] Raul Castro, army general and Revolutionary Armed Forces [FAR] minister, attended the Western Army's military council [consejo militar] meeting. Leopoldo Cintra Frias, division general and head of the Western Army, chaired the meeting, which Commander of the Revolution Juan Almeida and Division General Ulises Rosales del Torro also attended:

[Begin recording] [Correspondent] Division General Samuel Rodriguez, second in command of the Western Army, reported on the first phase of training. The report highlighted the commanding staff's [cuadros de direccion] professionalism and operational ability, as well as the attention they give to regular troops in the Territorial Troops Militia. The Defense Day program is more organized, even though certain territories still face difficulties. The tunnel construction plan is being fulfilled 132 percent, with Havana Province and Havana City leading in construction quality. The Western Army's help in repairing over 3,000 Havana City water leaks proved significant. The Western Army has increased its use of natural medicines, to date replacing 78 pharmaceuticals to benefit over 28,000 patients. The report described fish farming efforts as good, almost ensuring the troops self-sufficiency. Fishing Industry Vice Minister Enrique Oltuski explained everything regarding fish farming in all of the armies. The Western Army's production goal was 92 percent met at the end of June. More effort should be made to tend the ponds, fertilize, and stock young fish, even if it means sustaining the effort. Pinar del Rio and Havana Provinces' first secretaries reviewed the general situation regarding their provinces' food production plan, hospital care, economic situation, and other services of interest to the people. Comrade Manuel Millares, finance and prices minister, reported on corrective economic measures, confirming that the western provinces are in a better situation.

Raul described these reports as positive, adding that cadres are gaining knowledge in this area.

Meeting participants also evaluated the results of a recent FAR Ministry inspection of the Western Army. Division General Ramon Pardo Guerra said that the army had improved on the results of its last inspection, demonstrating first-rate shooting abilities, making use of small units, using arms correctly, training personnel, and exhibiting favorable levels of military discipline. The Western Army was rated good despite a few shortcomings, helping to strengthen friendly emulation among the various armies.

FAR Minister Raul Castro passed on congratulations from the commander in chief.

[Castro] I again offer our most sincere congratulations, in the name of the commander in chief and of those accompanying me here. I do not have to tell you that times are tough. I have said that for years. Times have gotten even tougher. We have grown somewhat accustomed to these times. The problems are enormous, and the challenges are huge. We must continue to confront them. The Revolution survives year after year. The year 2000 will come, and the Revolution will remain alive. The Cuban socialist Revolution will survive beyond the year 2000. This will prove the greatest satisfaction that today's revolutionaries and those who will continue on after us will get out of their work. [applause] [end recording]

Raul Castro Praises Army Work in Havana

PA1607163995 Havana Radio Havana Cuba in Spanish 1300 GMT 16 Jul 95

[FBIS Translated Text] Cuban Army Commander Raul Castro, minister of the Revolutionary Armed Forces, has said that the Cuban revolution will continue beyond the year 2000 and that this is a strong reason to keep facing the country's problems.

During a meeting to assess the Western Army's work, he said that the challenge the Cuban people face is great and that, consequently, the stimulus to meet this challenge is even greater. During the meeting,

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he transmitted President Castro's congratulations to the Western Army members. The meeting also served to highlight the Western Army's support for civilian work in Havana and the reliable operation of Cuban agricultural and livestock farms, which guarantee the troops' self-sufficiency.

Haiti

Former Soldiers Demand Pensions During U.S. Embassy Protest

FL1507003795 Bridgetown CANA in English 2319 GMT 14 Jul 95

[From the "Broadcast News Summary"; no dateline as received]

[FBIS Transcribed Text] Several hundred former soldiers of Haiti's disbanded army protested outside the U.S. Embassy on Friday. They were calling on the international community to pressure the Haitian government to pay their pensions. After being returned to office last October by a U.S.-led international force, Haitian President Jean-Bertrand Aristide has slowly dismantled the military that toppled him in a September 1991 coup. Since then, many of the country's 7,000 demobilised soldiers have complained of economic hardship and have demanded compensation for their abrupt termination.

Aristide, World Bank President Visit La Saline

95CA9151 Port-au-Prince Signal FM Radio in French 1030 GMT 14 Jul 94

[FBIS Translated Text] The inhabitants of La Saline [Port-au-Prince slum area] are on the verge of getting their share of the pie. President Jean-Bertrand Aristide has promised 15 million [figure as heard, currency not specified] for cleanup work in La Saline. During a visit to La Saline in the company of several foreign officials — among them World Bank Director James Wolfensohn, President Aristide announced that a certain number of projects will begin soon in that section of Port-au-Prince.

After walking around La Saline for more than an hour, President Aristide had a long dialogue with the population, which had turned out joyfully to welcome him. Aristide announced that a certain number of projects would be beginning soon — for example, the rebuilding of houses in La Saline, the repair of the (Claire Heureuse) dispensary, and the building of public fountains. To carry out these projects, $150 million has been made available to the Haitian Government by the World Bank, said President Aristide, who explained that part of that money will be distributed to certain La Saline families to satisfy certain pressing problems.

[Begin Aristide recording] If I told you that I have not come empty-handed, you might ask me: So, what do you have in your hands? What have you brought us? [crowd shouts]

I am going to tell you, bit by bit, what I have brought. [crowd shouts]

In what month did I return to Haiti? [crowd shouts] In what month did I return? [crowd response indistinct]

Let's count how many months that makes: October, November [crowd picks up the count: December, January ...] February, March, April, May [crowd counts along with president] June, July. How many months does that make? [crowd shouts: Nine months!] How many? [crowd: Nine months!] Nine months.

When a baby is going to be born, after seven months have elapsed, is the baby able to spend 10 months in its mother's womb? [crowd shouts: No!]

What has to happen after nine months? [crowd response indistinct] [words indistinct] [crowd response indistinct]

The World Bank's president is here with us. He and I — as the country's president — had said we would work hand in hand so as not to have things remain at the level of pretty promises, with no action taken. A few months ago, the vice president of the World Bank — he, too, is here with us, Mr. Shahid Burki. There he is over there, at the side of the wife of the World Bank president. Here he is, over here. Take a look at him. Voila. You can give him a round of applause, because he does his work well. [applause, indistinct shouts] He came to see us and we took a look to see what could be done. That is why, this morning, when we sat down together, they were not empty-handed; and I have come to see you with them because there are $150 million available with which to begin work immediately [crowd cheers] immediately, immediately, [crowd begins chanting along with president] immediately, immediately, immediately, immediately [crowd continues chanting: immediately, immediately]

That means, that means: Is there mud in La Saline? [crowd shouts: Yes!] Would you like to get rid of the mud in La Saline? [crowd shouts: Yes!] Well, immediately, that money is going to be used to get rid of the mud in La Sa...? [leaves sentence unfinished, elicits participation via his intonation] [crowd completes: La Saline!] [end recording]

That was the Haitian chief of state yesterday in La Saline.

For his part, the World Bank director, who was accompanied by his wife, did not conceal his pleasure with the welcome from the inhabitants of La Saline.

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We will hear the president of the World Bank in a few moments. I remind listeners that the president of the World Bank, Mr. Wolfensohn, was received yesterday at Tabarre, at the private residence of the Haitian chief of state, for a courtesy visit. He then went to the National Palace to sign an agreement. Then there was the visit by President Jean-Bertrand Aristide to the school run by the Salesian order, to which Mr. Wolfensohn accompanied the chief of state of the Republic.

Aristide Makes 'First' Post-Election Statement

95CA9152 Port-au-Prince Signal FM Radio in French 1030 GMT 14 Jul 95

[FBIS Translated Text] President Jean-Bertrand Aristide's spokesman, (Yvon Neptune), asks those candidates who lost their elections to accept their defeats, arguing that the results of the voting are credible and honest in the eyes of the population and, especially, of the foreigners. The losers must accept their defeats; the disciplines of democracy will absolutely not be disregarded, he emphasized, assuring that serious, effective steps will be taken to ensure that the second round of elections can take place in an orderly manner and with respect for every citizen's right to vote.

[Begin (Neptune) recording, in Creole, in progress]...leaders and political parties, as I just pointed out, it is very important for those leaders to serve as models for the majority of the population. It is they who, first and foremost, must light the way for the population, show the population how to experience democracy in order to, for their part, accept that the process is not a process that is...[rephrases] that the experience is not an experience that will always be absolutely perfect. Even when you have done it for years and years, you will always have little flaws. And as time goes on these will get corrected.

They must participate, along with the population, in the work of what I could call education, in the work of trying to integrate democratic practices into Haitian culture — so that the heads of political parties will not think only of themselves, not think as people who would like to be in a position of power for the sake of power, but instead think as authorities who have made a commitment, along with the Haitian people, to live the experience of democracy. When they find themselves in a position of responsibility, that position will not be for the purpose of projecting personal power but will instead constitute a responsibility that shows that the political party leader in question, the particular official, is linked to the people, or sector, or region, or zone that he represents.

I think that the leaders of the political parties, along with their different supporters, can make a great contribution to implanting democratic practices and a democratic culture, to making these things take root, in Haiti. [end recording]

From the presidency spokesman, we go to the president himself. Jean-Bertrand Aristide, in his first statement of position following the 25 June 1995 elections, affirms that the losers must accept their defeat. He calls on all party leaders to surpass themselves. The party leaders...[corrects himself] I mean the candidates, will easily be able to make a comeback [remonter le courant] during the second round of the elections, hammered Jean-Bertrand Aristide.

[Begin Aristide recording, in Creole] We will continue to engage in dialogue respectfully, as we are in the habit of doing, so that we will learn how to win and how to lose. There is going to be a second round of elections. Thus, there is going to be an opportunity for us to continue to practice democracy. When you lose in the length, you pull in the width. [end recording]

Candidates, Politicians Comment on Future Positions

95CA9148 Port-au-Prince Signal FM Radio in Creole 1130 GMT 13 Jul 95

[FBIS Translated Text] A number of candidates for deputy and leaders of political parties have risen up to bar the way. They state that they will not accept the election results the [Provisionl] Electoral Council [CEP] has published. (Manuel Baptiste), a candidate for deputy for the district of Carrefour, and two other candidates running on the FNCD [National Front for Change and Democracy] ticket call the election results put out by the CEP a disgrace, and say they will not participate in the second round of elections unless the CEP is changed.

Mr. (Gerard Dalvius) says he hopes the members of the CEP will reshuffle the deck of cards. We will hear, one after the other: (Pierre Canel Rindal); (Marcel Baptiste) [name as heard], a candidate for deputy; and (Gerald Dalvius), leader of the Alternative Party for the Development of Haiti [Parti Alternatif Pou Devlopman Dayiti], PADH.

[Begin recording] [(Rindal)] It is a disgrace for any democrat in this country. But this election does not bind us. When an election is held [words indistinct] that kind of thing at night reminds us, sorrowfully, of [Roger] Lafontant. At least Lafontant was more elegant when he did that kind of thing.

[Words indistinct] President Aristide [words indistinct] fight for it. (?I) know about those things. What [words

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indistinct] is a disgrace for all democrats. In this country, if a man does not have conviction, he does not fight for democracy. Since the battle has now gone beyond President Aristide...[rephrases] it is a battle for the country...[changes thought] because we democrats are going to continue to fight, because this country must have democracy, even without them. Thus, we think today is shameful, sad, ugly — what [words indistinct] was doing, for a team of people of the Left that is without convictions, without vision...[rephrases] to have that be what they have given you, in this country! Everyone thinks it is now high time for serious people in this country to take politics in hand!

[Unidentified reporter] Are you going to participate in the runoff elections?

[(Rindal)] [words indistict] The elections won't...[rephrases] There were no elections held on 25 June! There cannot be a first round like that...[rephrases] there will be no first...[corrects himself] no second round. Everyone today thinks that it is high time for a team of serious people to take the institution called CEP...[rephrases] that they should take it and turn it over to credible people, so as to have such people organize the honest elections that the Haitian people are awaiting — because the Haitian people need to vote for people who are competent, for people who have vision, for people who can change the country.

[(Baptiste)] The 25 June champwel [a pejorative reference to secret voodoo societies] elections leave me totally indifferent. As I have already said: such a champwel election is a disgrace for the country. It is even also a disgrace for the sector that organized it. And today I am wondering: Is this what all the Haitian people were fighting [for]?

[Reporter] Are you going to participate in the runoffs?

[(Baptiste)] No. No, and we are men [om] of principle, founding members of the FNCD, the political front that put President Aristide into power. The FNCD says it is not going to participate in those elections, and I invite the entire Haitian people to resist anyone pressuring them. Also, we ask all political miltants to boycott that election. We must mobilize our forces...[rephrases] the same way it was in the name of the great democratic principles that we battled the bloody coup d'etat of 30 September, and the [words indistinct] Marc Bazin elections. In the name of the great democratic principles we will continue the battle against the champwel elections of 25 June.

[(Dalvius)] I see that it is really an indecency, when you look and see that everyone who won in the first round come from a single political party: Lavalas! I don't think Lavalas is so strong everywhere that only it could have won. And, at present, I do not want to believe what I am seeing.

So: I suppose there are adjustments [amenajman], certain arrangements [aranjman] that can be made — and later, based on certain positions that could be taken, we will know what we are going to do.

Candidate Blames Observers for Lavalas Victory

95CA9149 Port-au-Prince Signal FM Radio in Creole 1130 GMT 13 Jul 95

[FBIS Translated Text] Father (Amos Georges), who was a candidate for senator for the Department of the West, deplores the fact that a single political sector has appropriated unto itself the electoral apparatus. Father (Amos Georges) holds foreign observers responsible for the catastrophic results of the elections. He thinks the observers could have prevented things from reaching this point [ke yo rive la], had they taken into consideration the demands of the political parties.

[Begin (Georges) recording] It is on the eve of the party that one should take a look to see if the party is going to be a nice one [a Haitian saying].

Back from the time the elections were being prepared, all observers with any common sense should have taken measures to swallow [vale] what has happened, pushing the ball across the goal line by means of a couple of taps under the table [a play on words: ful gol ak men pa kek kout boul an ba tab].

Although I did waste my time in political negotiations, I am not taken in by the I-don't-understand bit; (?and) since I have just appeared, and am clear-eyed; no one can fool me. [Si m' te rasi nan negosyasyon politik, m'pa prann nan pa komprann. Me kom m' fek paret, zyem kle, peson pa lo lo m'].

The phony results, selection (?of) the box of capons has fallen with a bang [Resilta malatchonn, seleksyon bwet capon yo tombe, blo!]

They do not surprise me.

It is on the eve of the party that one should look to see if the party is going to be a nice one.

Thus, my position remains unchanged. I do not go swimming twice on the beach of a trickster who will never be able to save me from the teeth of the sharks. [M p'ap benyen de fwa sou plaj koken ki pap jam delivre m' an ba dan reken]. As a good citizen, I really must extend my condolences to everyone whom these elections have sunk [ki koule nan eleksyon sa yo]: The

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land of Papa Dessalines presents its condolences to you in the manner of Charlemagne Peralte [Chalemanyperalteman — a play on words and a take-off on President Jean-Bertrand Aristide's characteristic way of speaking], Mr. Bill Clinton, president of Haiti. You have lost inelegantly, by the way you want to have it all [Ou pedi led, nan jan ou vle genyen tout].

The land of Papa Dessalines presents its condolences to you in the manner of Charlemagne Peralte, Mr. Stanley Schrager, governor of Haiti. You have lost inelegantly, in the way you want to have it all. [end recording]

Police Arrest Former Candidate Brutus on Arson Charges

PA1507171695 Madrid EFE in Spanish 1605 GMT 15 Jul 95

[FBIS Translated Text] Port-au-Prince, 15 Jul (EFE) — Duly Brutus, former president of Haiti's Chamber of Deputies, was arrested at home today, his wife Nerta has reported. Brutus, who is the leader of the Nationalist Progressive Revolutionary Party of Haiti [Panpra] was taken to the Petionville garrison.

Brutus' wife reported that several armed individuals forced open the front gate, entered the house, and presented an arrest warrant. She told EFE that in the arrest warrant Brutus was charged with setting fire to the Limbe electoral office. She said that about a dozen members of the Haitian police and the UN Mission for Haiti participated in her husband's arrest and that someone in the group fired a gun into the air while in the yard.

Elections could not be held in Limbe due to a fire in the electoral office on 23 June. Consequently, the elections in Limbe, where Brutus ran for deputy, have been suspended. The election had been scheduled for 25 June, when thousands of Haitians cast their votes in other areas of the country.

Although Brutus had been charged with the fire shortly thereafter, he has publicly denied the charges. In addition, he was attacked by demonstrators on 25 June and had to take refuge in the Limbe police barracks. Last week, Brutus sent a letter to Haitian President Jean-Bertrand Aristide, saying he had been threatened with death.

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Zedillo on Army's Role in Reforestation Program

PA1407225395 Mexico City XEW Television Network in Spanish 0430 GMT 14 Jul 95

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo today praised in Quitana Roo the Mexican Army's social work. The president of the Republic said our Army is an Army for peace. During the celebration to mark international tree day in Chetumal, Quintana Roo State, the Mexican president emphasized the Mexican Army's social work in favor of the environment, development among communities, and awareness regarding a better use of our natural resources. He said our Army gives further proof of its profound vocation for social service through these important tasks.

[Begin Zedillo recording] With actions like this our Army proves it is a force for peace. Our Army proves with facts a firm commitment for the nation's sustained development. The government of the Republic and the Mexican society recognize this very well. [end recording]

While at the National Defense Secretariat's nursery in Puente Blanco, where 3.5 million seedlings have been grown, the Mexican president announced a national reforestation program that strives to achieve a sustainable economic growth that eradicates poverty and deprivation.

At the ceremony President Zedillo handed out the 1995 National Forestry Merit Awards to education and private organizations in charge of our forestry reserves' reproduction and conservation.

The president acknowledged that Mexico has one of the highest rates of deforestation in Latin America and said we should reflect on the decisive role played by our forests in the conservation of our biodiversity and social welfare.

[Begin Zedillo recording] The lack of training, a null or incipient organization, the absence of infrastructure, the lack of financial support, and a practice of felling trees without replacing them result in a vicious circle of poverty, depredation of forests, and more poverty. That is why it is very important to achieve the active participation of our communities. [end recording]

During his working tour President Zedillo attended a ceremony at the Maya Culture Museum for the installation of the State Investments Council. At the government palace the Mexican President and Manuel Esquivel, Prime Minister of Belize, signed an agreement to resume the Mexico-Belize electrification program. During the ceremony the president said Mexico is determined to increase its economic and political exchange with the Central American and Caribbean region.

During his working tour President Ernesto Zedillo was accompanied by National Defense Secretary Enrique Cervantes Aguirre, Environment, Natural Resources, and Fisheries Secretary Julia Carabias, Foreign Secretary Jose Angel Gurria, Tourism Secretary Silvia Hernandez, and Quintana Roo Governor Mario Villanueva Madrid.

The president returned to Mexico City in the afternoon.

Zedillo Comments on Strengthening Bonds With Belize

PA1507014195 Mexico City NOTIMEX in Spanish 0118 GMT 14 Jul 95

[FBIS Translated Text] Chetumal, 13 Jul (NOTIMEX) — In Chetumal, capital of Quintana Roo State (southeastern region), President Zedillo announced that Mexico will expand its presence in Central America, after noting that his government will intensify its cooperation with Belize. He stressed that the cooperation with Belize will be in the economic, political and cultural areas.

"Mexico maintains the principle of promoting cooperation, peace and stability in the region and achieving this with due respect for the peoples self-determination, because we want to attain a mutually beneficial relationship," Zedillo stated.

Zedillo, who is on a working visit to Quintana Roo, met with Belizean Prime Minister Manuel Esquivel and witnessed the signing of agreements between the two countries.

The agreements signed are on energy supply, as well as the extension of the program for educational and technical cooperation in the area of training for Belize's development.

President Zedillo said that Mexicans have the firm determination of strengthening the bonds of friendship, cooperation and well-being with Belize, which is a strategical ally, a natural economic partner, and above all a sister nation.

"The actions we have concluded today are another step toward consolidating a relationship based on respect and goodwill, that can be fruitful for the two countries and which could generate new opportunities for Belizeans and Mexicans," Zedillo emphasized.

In that sense, Zedillo said that a good opportunity to move forward in the strengthening of the relations will be the Binational Commission's third meeting, which has been scheduled for November.

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Zedillo mentioned that during that meeting, topics such as border issues and migratory movements, the protection of the environment on both sides of the border, free trade between the two countries, and scientific, technical, educational and cultural programs will be reviewed.

The Belizean prime minister said he was happy to share the ties that "unite us with the great northern neighbor."

Speaking before President Zedillo and the delegation that accompanied him on this working tour, Esquivel said he hopes Mexicans will come out triumphant in their struggle to strengthen the economy and achieve the well-being the people deserve. He added that the signing of this cooperation agreement on electricity is another step toward fulfilling the needs in the energy sectors.

5 Killed in PRI, PRD Clash in Chiapas 14 Jul

PA1607182295 Mexico City NOTIMEX in Spanish 0138 GMT 16 Jul 95

[FBIS Translated Text] Tuxtla Gutierrez, Mexico, 15 Jul (NOTIMEX) — The Office of the State Attorney General for Justice (PGJE) announced today that at least five people were killed during a shootout between Indians because of alleged land problems in Chiapas State, southeastern Mexico.

The PGJE stated in a press communique that the incident took place at dawn on 14 July in the community of Shucia, Tila Municipality, 182 km northeast of Tuxtla Gutierrez, capital of Chiapas.

The PGJE added that a Public Security detachment has been sent to establish order in the municipality and to calm the tensions generated by the five people's death.

The leaders of the clash belong to the ruling Institutional Revolutionary Party (PRI) and the Party of the Democratic Revolution (PRD), the country's third largest party.

The dead are Amilton, Manuel, and Cornelio Perez Guzman of the PRI, a minor, and Hector Perez Torres of the PRD.

The PGJE document states that the bodies of the victims from both parties are lying at the site of the shootout because their removal has not been allowed.

The PGJE has announced that approximately 450 PRI members from various communities, led by Manuel Guzman Perez, Carmelino Gomez Guzman, and Mateo Torres, gathered at the site of the shootout.

The PRI is also on alert in the vicinity of the town to avoid a surprise attack by PRD members and a continuation of the clash. The PRD is also alert to any incident.

Meanwhile, a police report indicates that a group of armed men kidnapped Ramon Ramirez Lopez, the Labor Party's mayoral candidate in Tila Municipality. It is not known who perpetrated the abduction or if the incident is related to the clash.

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El Salvador

President Calderon Opens SELA Ministerial Phase Meeting

PA1407034395 San Salvador Teleprensa Television in Spanish 1650 GMT 12 Jul 95

[Speech by President Armando Calderon Sol, opening the ministerial phase of the 21st regular meeting of the Latin American Economic System in San Salvador — live]

[FBIS Translated Text] [Words indistinct] of the Honorable Legislative Assembly, Mr. President of the Honorable Supreme Court of Justice, Messrs. Prosecutor General and Attorney General of the Republic, Your Excellencies Foreign Ministers of Mexico, Venezuela, and Jamaica, Your Excellencies Messrs. Ambassadors and Honorable Charges D'Affaires of diplomatic missions accredited in the country, Your Excellency Mr. Permanent Secretary and Mr. Deputy Secretary of the Latin American Economic System [SELA], Messrs. Members of the Cabinet, Honorable Messrs. Ministers, Deputy Ministers, delegates participating in the 21st regular meeting of SELA Latin American Council, Honorable Messrs. representatives of international organizations, ladies and gentlemen:

Receive kind greetings from the government of the Republic of El Salvador. We are pleased to convey our cordial welcome to the personalities visiting our country to participate in this event of continental importance.

We are very pleased that El Salvador is hosting the 21st regular meeting of SELA and to be accompanied by such distinguished personalities on whose shoulders rest the economic and social future of Latin America.

We firmly believe that this type of events contribute significantly to bring our countries together and to tighten their economic relations. In sharing our experiences and our decision-making concerns with other countries, we advance in the identification of common interests and promote the unification of efforts to better tackle the challenges derived from the globalization of the world economy and the various commercial integration schemes that are being implemented the world over.

The SELA has shown throughout its existence seriousness in handling the economic problems of our countries and has always maintained a pro-active attitude toward the economic integration of Latin America. This has been viewed as a legitimate resource to accelerate a balanced economic development in our region and as a practical option to improve the rational use of our productive resources.

The SELA has also promoted debate on the economic problems afflicting us and the study of alternative solutions. In fact, we could say that this organization has shared our countries' economic concerns and that it must face new challenges in the near future as a result of the commitments emanating from the Miami Summit, during which our countries agreed to establish a free trade zone of hemispheric dimensions.

These concerns, along with the implementation of the commercial agenda within the World Trade Organization, will force the organization to restructure its work plan for the next years as our government has done so far. In view of changes in the world economic environment, our government has had to redefine the content of its economic policy and make it more congruent with the scheme of commercial opening through which we can participate more closely in the worldwide globalization process.

We trust that, through this reorientation of our economic policy, in general, and of our commercial policy, in particular, we will be able to develop a solid and dynamic export sector that will rest on truly competitive bases and not on fragile protection schemes that will divert use of our scarc productive resources to activities that will be unsustainable in the long run.

The elimination of all kinds of horizontal or sectorial macroeconomic distortions and the implementation of a social policy, which is congruent to the economic-social market scheme and will serve as a platform to improve the living standards of our population, are priorities for our government and our reaction to the challenges imposed by the evolution of the world economy as a whole and to the new international reality.

We are aware that our individual efforts could be strengthened through the coordination of macroeconomic policies with our neighbors. This is why we have always maintained an integrationist attitude toward Central America, because we know that the economic pssibilities of the region rest on their coordinated actions.

We are interested in participating in the hemispheric integration process through the consolidation of the regional integration scheme that will make us an attractive geographical region to foreign investment and that will rescue the isthmus' strategic importance, which is based on its privileged location at the center of two continental masses.

The future of our people depends on our taking advantage of the region's financial stability and on good management of the economic policy that will give continuity to the growth experienced in the past year. In our case, we have established a 6 percent annual growth rate for the next five years to improve the economic well-being

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of our population. This is our main goal as government and we will achieve this. We want the region to share this commitment. A common effort to modernize our economies and to become the main players of the productive interdependence process in which we are involved and that economists call economic globalization.

We hope that the results of this meeting will fully meet the expectations of its organizers. We must bear in mind that the activities ahead of us are very important for the economic development of Latin America. We wish you the greatest success. We thus open the 21st regular meeting of SELA. Thank you very much. [applause]

Article on Efforts To Halt Illegal Migration

Part One

PA1407173495 San Salvador EL DIARIO DE HOY in Spanish 11 Jul 95 p 2

[First of three installments of unattributed article: "Criminal Groups Control the Trafficking of Illegal Migrants"]

[FBIS Translated Text] According to a National Civilian Police (PNC) theory, local criminal groups, possibly connected to international drug traffickers, whose tentacles reach to South America and Mexico, could be controlling the trafficking of illegal migrants who come to El Salvador in hopes of reaching the United States. PNC Director Rodrigo Avila said yesterday that the movement of illegal migrants increases corruption in Salvadoran customs offices and in many other Central American countries.

The recent arrest of eight Indians and one Nicaraguan who were trying to get to the United States from Salvadoran territory is yet another lead in the police investigation. How did the Indians get to our country? How did they cross the Honduran border and then attempt to take a vehicle to San Salvador? The initial answers to those questions have led authorities to conclude that the trafficking of illegal migrants requires not only bribing officials at border posts but also the involvement of military personnel and top-ranking officials in other countries. The promoters of this illegal business rake in huge profits every year.

Engineer Rodrigo Avila said they are currently investigating several people in the country but refused to give their names so as not to impede the investigation. "We have managed to prove that the people involved in the trafficking of illegal migrants are usually directly related to drug traffickers," he stated. The evidence indicates that the Salvadorans involved in illegal trafficking are connected to people in the same business in Peru, Colombia, and Ecuador. They also have ties with Mexicans involved in similar activities. They traffic in people "as if they were selling cattle," Avila added.

Foreigners and the Routes

The investigations under way in Central America indicate that El Salvador has become one of the main springboards for the trafficking of people who want to enter the United States illegally. Ecuadoreans, Indians, Peruvians, Brazilians, Chileans, Filipinos, Arabs, and people from other countries who want into the United States come to our country. Many of the foreigners arrested are carrying Salvadoran passports. This undoubtedly shows that the activity is linked to the irregularities observed in the handling of Salvadoran migration documents.

"The advantage to those illegal migrants of coming to our country is that they become legal Salvadoran citizens when they illegally buy forged or authentic national documents," Engineer Avila stated yesterday. However, not all the illegal migrants get Salvadoran passports, and some are taken to the United States without such documents for huge amounts of money.

What we know so far is that many Ecuadoreans, Peruvians, Chileans, and Brazilians enter Central America through Costa Rica. The local criminal group gives them lodging and later sends them by land to Nicaragua, where one of the main bases for the illegal trafficking of migrants operates.

Once in Nicaragua, Salvadoran criminal groups connected to Nicaraguan and other international criminal bands take the migrants to El Salvador by bribing officials at local customs offices. An investigator told EL DIARIO DE HOY: "They go through our border so easily. This clearly shows that corruption at customs offices is rampant."

Depending on the money the foreigners have, they are offered Salvadoran passports to get to the United States or one of several land routes to Mexico, from where they will later be transferred to a U.S. city.

Several Indian citizens died in the Gulf of Fonseca when they were trying to get to El Salvador in a flimsy vessel. The survivors were arrested by local authorities and later deported. Regarding illegal Indian migrants, the investigators discovered that they are sent to Colombia, from where they are taken by sea to the Nicaraguan coast (via Colombia's San Andres Islands). The illegal migrants are kept in Nicaragua for some time until they are sent to El Salvador, from where they will start to move toward the United States. Each illegal migrant pays between $4,000 and $5,000 for the trip. Thus the people involved in getting them to the United States are making large amounts of money.

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"It is obvious that the tentacles of those illegal operators reach many countries of the world," EL DIARIO DE HOY was told. Rodrigo Avila commented that "the traffickers of illegal migrants do not care if these people die. They are treated inhumanely. Many of those criminals only take advantage of the migrants and swindle large amounts of money from them," Avila said after clarifying that the PNC has given priority to the illegal migrants problem in its investigations.

When he was asked about the investigations made by Nicaraguan authorities, he reported that "together we have reached the conclusion that migration and customs offices are the big points of corruption."

Their investigations have also included migration offices as they must determine how the illegal migrants get Salvadoran passports. According to Avila, the migration offices are in some way connected to the trafficking of foreigners to Salvadoran territory and therefore must be investigated.

It is estimated that the people responsible for this criminal activity have managed to amass large fortunes, and many of them, motivated by greed, have gone into drug trafficking. "They know how to move people across borders. If they can do that, they can also move drugs through Central America and Mexico up to the United States with relative ease," an investigator asserted.

Part Two

PA1407173795 San Salvador EL DIARIO DE HOY in Spanish 12 Jul 95 p 5

[Second of three installments of unattributed article: "Mayors' Offices in the Eye of the Storm"]

[FBIS Translated Text] The arrival in El Salvador of illegal aliens from countries as far away as India or the Philippines not only reveals the existence of a local group of unscrupulous people who handle that business; it also puts almost 20 municipal offices in the middle of an official investigation.

A series of official investigations reveal that Salvadoran traffickers of illegal aliens who wish to reach the United States charge each client between 20,000 and 30,000 colones to travel, from here, with Salvadoran migration documents.

The commitment implies foreigners will receive in El Salvador or their country of origin passports in which they are given Salvadoran citizenship.

Local traffickers in illegal aliens fulfill their commitment to those foreigners by paying municipal employees to issue a personal identification card with a photograph of the client, thus enabling the latter to obtain a passport in his own name later on.

EL DIARIO DE HOY has learned that authorities currently have five personal identification cards and birth certificates with false names issued in certain municipalities. The documents were used to obtain passports.

Covert agents have been sent to some municipalities where they have been able to easily obtain personal identification cards with false registration papers.

These facts have come to light at a time when investigations in Nicaragua show the country has become a leading center for illegal aliens, a sizable number of which are later transferred to El Salvador, where they are lodged while their departure for the United States is prepared.

Various land routes are used to enter the country, mainly areas of the national territory where there is no police surveillance.

[At this point reader is referred to a map of El Salvador which identifies border posts with the following legend: A) Border post or blind area; B) Border station with National Civilian Police, PNC, deployment; C) Border station without deployment. Points marked A are San Lorenzo, El Coco, and San Jeronimo at the Guatemalan border; San Fernando, Ojos de Agua, Arcatao, Victoria, San Luis de la Reina, Perquin, Monteca, Concepcion de Oriente at the Honduran border; and Garita Palmera in the Pacific Coast. Points marked B are San Cristobal at the Guatemalan border; El Amatillo at the Honduran border; and Aeropuerto in the Pacific Coast. Points marked C are La Hachadura, Las Chinamas, and Anguiatu at the Guatemalan border; El Poy at the Honduran border; Cutuco at the Gulf of Fonseca; and Acajutla in the Pacific Coast.]

These areas are called "blind areas." It is believed that surveillance should be carried out by the Public Security Ministry.

A brisk contraband of cattle, weapons, and drugs is also carried out through these "points."

The way in which foreigners are brought into the country depends primarily on the money they have. If they are carrying a large amount of money, it is possible they will leave with a Salvadoran passport.

The recent arrest of eight Indians and one Nicaraguan who was traveling in a pickup truck on a country road to San Salvador proves something else to local authorities: Illegals are also being sent from Honduras to El Salvador for departure for the United States.

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Regardless of the departure point (Nicaragua or Honduras) used by the Indians who arrive in El Salvador, the truth is that the arrival of these foreigners confirms the fact that they enter America through Colombia after using various routes to cross the continents.

The Indians captured last week confessed to national authorities that they first arrived in Colombia, from where a man brought them to the Atlantic coast of Honduras in a boat, and then they were brought by land to El Salvador.

The arrest of these persons — and other illegal aliens captured here — costs the Salvadoran state a lot of money.

According to migration sources, more than 5,000 colones have been spent on them, including the payment of overtime to guards, food, and other expenses. It costs 200 colones per day to feed each person.

A Police chief said: "Having these foreigners in the country is very expensive for the PNC, migration, and all of us."

Problems worsen when the national authorities acknowledge they lack the necessary personnel and resources to effectively counter traffickers of illegal aliens.

Referring to what happens in some municipal offices, PNC Director Rodrigo Avila said: "It is easy to document foreigners here. The procedure for issuing personal identification cards is the most corrupt. We have even assigned covert policemen to obtain this card, and they soon return with it."

Nevertheless, he did not mention the names of the municipal offices to avoid impeding the investigations currently under way.

The official did not deny that municipal offices are "being investigated," and he warned that "corrupt mayors are the ones who taint the other mayors' images."

Nevertheless, Interior Minister Mario Acosta said the mayors are not the problem. He has another theory: "I want to emphatically state that mayors are not involved in this. They do not issue or grant birth certificates and personal identification cards. Many times it is done by employees who have worked in the municipalities for a long time."

The investigation being conducted in the municipal offices is part of a new effort by the PNC to stop the businesses some officials are running by selling Salvadoran migration documents.

As a result of that action, four migration officials were arrested and charged with providing Salvadoran documents to two Colombian drug traffickers captured in Italy weeks ago.

Part Three

PA1407173995 San Salvador EL DIARIO DE HOY in Spanish 13 Jul 95 p 6

[Third of three installments of unattributed article: "Illegal Business in the Hands of a Few"]

[FBIS Translated Text] The profitable business of smuggling illegal aliens is run in El Salvador and Central America by a few unscrupulous individuals who own organizations of some 400 "coyotes," according to police investigations in the area.

The leading smugglers of illegal aliens have connections with other groups located in various countries of the world who recruit Indians, Filipinos, South Americans, and people of many other nationalities in exchange for a huge sum of money.

Central American police forces know that some of the leading groups of traffickers of illegal aliens who wish to travel to the United States are currently fighting over the market of foreigners and the control of routes.

The struggle also includes the fight over favors at customs offices and immigration posts in these nations.

The dispute has reached such extremes that some of the groups are informing the authorities about the trafficking of illegal aliens by their competitors.

Most of the traffickers live in Nicaragua, Honduras, and El Salvador and own vehicles, buses, land, and houses near the border regions.

They also own homes in major cities such as Managua and San Salvador where they take their clients to rest before continuing their trip to the United States.

The National Civilian Police have detected a few houses used for that purpose, despite the scarcity of resources to fight the illegal trafficking of aliens to the northern country.

Some sources noted that in July 1990, Chinese citizens were found in one of these homes in Escalon Neighborhood. They all came to El Salvador via Nicaragua, which shows that the trafficking of illegal aliens is nothing new.

The discovery led to the dismissal of Immigration Director Colonel Maximiliano Leiva Mojica and Col. Mauricio Giron Cortez, who was indicted for the fraudulent sale of visas to the Asian citizens.

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291 Under Arrest

According to official figures, from June 1994 to the present, national authorities have arrested 291 illegal aliens who intended to travel to the United States.

Among them were 177 Chinese citizens, 34 Hondurans, 28 Peruvians, 37 Indians, and citizens of many other nationalities. A Syrian and a Jordanian were arrested some time ago with Salvadoran documents that were illegally obtained in Kuwait.

Most of the illegal aliens who have been arrested in national territory carried documents with Nicaraguan consular visas. There was even the case of a group of Chinese citizens who obtained visas at the Nicaraguan Consulate in Moscow.

Investigators have no doubts that the main center of illegal aliens in the area operates in Nicaragua. High-level Nicaraguan Government officials are involved in these activities.

A few weeks ago, Panamanian authorities seized a boat full of Indians who were on their way to Nicaragua. The group was led by Nicaraguan Marta Alvarez Ampie, considered the head of an organization in the business of trafficking illegal aliens through Central America.

It is believed that the Salvadoran authorities are only able to arrest a small percentage of illegal aliens who transit the country on their way to the United States.

The routes some illegal aliens use are really complicated. A person from India leaves his country and travels to Australia. From there he travels to Peru and Colombia. He then heads for Panama and travels to Costa Rica and Nicaragua, then on to El Salvador. He proceeds to Mexico and from there on to the United States.

Some Traffickers

According to investigations in Nicaragua, several leaders of groups involved in the illegal alien business have been detected there. Among them we can mention Pablo Artola Orue, Santos Zepeda Ortez (they also work with Ecuadoreans). We can also mention Sergio Cerda Obando, alias "El Musico" and Alcides Morales (he owns a home near the border with Honduras, which is known as the "Peruvian Embassy" (he smuggles Peruvian illegal immigrants).

Juan Baca and Pablo Toruno (who work with Honduran "coyotes"), Gloria Yuban, and Perla Gutierrez (who owns a bus that operates in Central America) are some of the people responsible for the trafficking of illegal aliens in this country, according to Nicaraguan authorities.

In Honduras, the authorities have identified Carlos Aplicano and Lucio Javier Lagos (who live in Choluteca). The latter plays a key role in the transportation of illegal immigrants to El Salvador.

According to Nicaraguan newspaper publications, one of the most important "coyotes" of El Salvador is Freddy Hernandez (he smuggles illegal Peruvian immigrants and citizens of other South American countries). One of his most important associates is Peruvian Enrique Chavez.

Salvadoran Jorge Hernandez is considered a "group leader" operating in Central America. He is reportedly connected to traffickers of illegal aliens in Mexico.

Part of the problem faced by Salvadoran authorities and other countries in the region is that the criminal laws of the region do not address migration crimes.

Mexican Secretary Urges Implementing Trade Mechanisms

PA1407131395 Mexico City NOTIMEX in Spanish 2312 GMT 12 Jul 95

[FBIS Translated Text] San Salvador, 12 Jul (NOTIMEX) — Mexican Foreign Secretary Jose Angel Gurria announced here today that his government has reiterated its willingness to implement trade mechanisms with El Salvador.

At a news conference, the secretary said: "We are prepared to go as far as the Salvadorans want" to strengthen commercial ties.

He added: Central America is of great "geoeconomic, geopolitical, and geostrategic" importance for Mexico, and the government of President Ernesto Zedillo will promote efforts aimed at strengthening Mexico's relations in the region.

The Mexican official arrived yesterday in this capital to participate in the 21st Meeting of the Latin American Economic System [SELA], which will conclude Thursday with the election of a new SELA president, who will replace Salvador Arriola, of Mexico.

During his stay in El Salvador, Gurria met with Salvadoran President Armando Calderon Sol and the ministers of economy and finance of El Salvador, Eduardo Zablah and Manuel Enrique Hinds, respectively. He also met with local business leaders.

The foreign secretary said his country concedes fundamental importance to SELA because this organization must play an important role in coordinating and proposing initiatives of the nations of the region in the framework of economic globalization.

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Gurria noted: "Especially now, when the process is moving at an ever-faster pace following an agreement on at least 25 issues of basic importance for the continent, where sometimes there is not enough time for economy and finance ministers to meet to reach agreements," it is necessary to have some institution capable of coordinating efforts to establish common and efficient positions.

He cited the Rio Group as an example of a coordinating entity, but this group does not have a technical secretary, "which SELA does have, and SELA is the institution suitable for coordinating the efforts" of other regional-interaction organizations.

Latin America now has its best opportunity ever to produce continental integration, and "SELA is to play a fundamental role in the next 10 years," said Gurria, who will return to his country this Wednesday.

Guatemala

President Announces New Foreign Minister

PA1407004495 Panama City ACAN in Spanish 2011 GMT 13 Jul 95

[FBIS Translated Text] Guatemala City, 13 Jul (ACAN-EFE) — Alejandro Maldonado Aguirre, Guatemala's current ambassador to Mexico, will assume the post of foreign minister on Monday, Guatemalan President Ramiro de Leon Carpio announced today. Aguirre will replace Marithza Ruiz de Vielman, who will tender her resignation to the president tomorrow.

De Leon explained his decision to appoint the Guatemalan envoy to Mexico as his new foreign minister in view of his familiarity with the ongoing peace talks between his government and the guerrillas to end the internal conflict. The Guatemalan National Revolutionary Unity (URNG) and the government Peace Commission (Copaz) have been holding talks in Mexico since April 1991 to secure a peace agreement which, according to the president, could be signed by the end of the year.

Aguirre, de Leon noted, was appointed foreign minister in light of his legal and political skills, as well as because of his familiarity with the peace process. De Leon denied there have been differences with Marithza Ruiz, and he said that she was replaced because of "state reasons" connected to the fact that he wants to strengthen the issue of peace and respect for human rights within the international community.

Copaz President Hector Rosada also explained that the strengthening of the peace issue among members of the international relations is in line with a decision made a year ago. Meanwhile, Guatemalan Ambassador to Washington Edmund Mulet said the new foreign minister's top priority must be to promote an information campaign on the agreements that have been signed between the government and the URNG during the process.

Former Guatemala Bank President on Poverty Estimates

95CA0296B Guatemala City CRONICA in Spanish 16 Jun 95 pp 39-40

[Report by Jessica Garcia Kihn: "Poverty Road"]

[FBIS Translated Text] The climb to development has been tortuous. After two years, Ramiro de Leon's government remains dependent upon monetary, exchange, and credit pegs in order to avoid more economic slippage. And as it awaits its replacement, the Guatemalans' Human Development Index (IDH) collapses. Consequently, no longer will the challenge of the next president be to crown the achievement, but rather, just to reach the standard of living enjoyed in 1980!

Path

Despite the fact that inflation and the exchange rate have remained stable, the nation's people have grown poorer. In his proposal "An Effective Way To Fight Poverty," Federico Linares, former president of the Bank of Guatemala (BANGUAT) and now director of the Continental Group, states that 75 percent of the people live in indigency. "This estimate is based on a population of 10.3 million and includes persons who cannot in any permanent way provide for their food, education, health, and recreation," Linares explains.

Reality becomes even more graphic in the rural areas, which is where 68 percent of all poor Guatemalans and 74 percent of those considered extremely poor live. The latter figure includes persons whose income is not even sufficient to provide for the basic food basket. This is understandable when one realizes that per capita income is $3,180 a year. This sum is the result of establishing purchasing power parities making it possible to span the differences between developing and industrialized countries.

Nor are health and education indicators encouraging. For example, nearly 58 out of every 1,000 babies die before they reach one year of age, and 29 percent of all children under the age of five are of very low weight. In addition, illiteracy—considering all those persons 15 years of age or older who cannot read or write a simple story—was 43.6 percent in 1992. "It is the lowest [as published] figure for Latin America except for Haiti, where the rate is 45 percent," Linares observes. Some analysts equate this low level of education with

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the fertility rate. According to the Center for National Economic Studies, only 2.7 percent of the female population has access to an intermediate-level education. The UN Development Program maintains that the less educated a woman is, the more children she has. This would explain why, in 1992, the average number of children per woman was 5.3 births. These conditions limit life expectancy at birth to 64 years and place Guatemala in 108th place on the IDH scale, a projection that combines indicators for life expectancy, educational achievement, and income. According to the World Bank, the country's IDH value is .5, reflecting the low level of human development.

Slips and Stumbles

Since 1980, six of the nation's leaders, including chiefs of state and presidents, have guided the country in its wanderings and mishaps. Since that time, the ratio of poor people has risen from 64 to 75 percent, while per capita income, measured in constant 1958 quetzals, dropped from 449.18 to 368.90.

What has increased in number is the economically active population (PEA). Fifteen years ago, it totaled 2.2 million persons, but that figure had grown to 3.2 million by last year. This growth is out of proportion to the number of jobs available, however. "Open unemployment went from 2.1 to 5.2 percent, without considering underemployment, which is the main problem," the former BANGUAT president points out.

Nevertheless, the PEA continues to grow. Last year alone, 85,700 persons joined the work force upon reaching 18 years of age. "It takes 35,000 quetzals to create one job. It is therefore urgent to increase total investments," Linares says. The banker states that only by increasing investment in human resources, physical capital, and technology will it be possible to generate jobs and increase production. This means that in order for Guatemalans to get back to their 1980 standard of living, the gross domestic product (GDP) would have to increase by five percent annually over the next decade. Growth of four percent like that seen last year would not be sufficient. Furthermore, international agencies say, the economy could not go on depending on higher prices for traditional exports, as it is now doing in the case of coffee and sugar.

Linares believes that in order to reach that rate of growth, investments would have to increase from 10.2 to 16 percent of the GDP. "If we want to reach that goal in eight years, investments would have to rise by 13.7 percent over the first five years," Linares adds. In other words, in order for new workers to be employed by the year 2000, 5.96 billion quetzals would have to be invested. That figure would rise to 9.1 billion by the year 2004. By that time, the economically active population would total some 4.3 million.

Maps and Compasses

Both Linares and deputies serving on Congress' Finance Committee agree that if productive activity is to be promoted, clear, simple, stable rules of play must be established. "They cannot be changed from one day to the next," they warn. Nevertheless, President De Leon Carpio has shown sufficient signs of his indecisiveness. Suffice it to recall that for two weeks, he set a single tariff on imports, then justified its subsequent repeal with the argument that it had merely been a political, temporary measure. In addition, analysts and businessmen consider that the fiscal reform passed in November punished savings and encouraged consumption. The uncertainty will continue until the Constitutional Court rules once and for all on challenges of tax laws, or until Congress modifies them once again!

Linares also believes that it is essential to guarantee legal security. "Investing in a country where impunity reigns and where laws are not equitable is very risky," he points out. The banker's proposal also recommends not opposing market forces by placing ceilings on prices and promoting processes to privatize public enterprises. Although entered into the 1995 General Budget as a receipt totaling 112.5 million quetzals, the latter measure has now been forgotten.

In other words, the next two governments will have no choice but to make the sign of the cross before trying to make any progress on the standard of living of the Guatemalan people. No longer is it a question of catching up with the standards of developed countries or even that of some Latin American nations. The challenge now is to climb back by the year 2004 to the standard of living we enjoyed in 1980!

Poll Gauges Candidates, Expectations

95CA0296A Guatemala City CRONICA in Spanish 2 Jun 95 pp 31-32, 35

[Report by Juan Saravia: "Arzu Would Win If Rios Does Not Run"]

[FBIS Translated Text] The main presidential candidates are locked in, particularly Arzu, who would benefit if the leader of the FRG [Guatemalan Republican Front] does not participate in the coming elections. However, if the general does enter the fray, he would sweep on the first ballot.

The outcome of the election is not yet a total certainty for the Guatemalan people because it will depend to a large extent on whether or not General Efrain

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Rios Montt enters the race. If he does run as a presidential candidate, the leader of the FRG would win the November contest. If he does not, the election victory would go to Alvaro Arzu, from the National Vanguard Party (PAN). These are a few conclusions of the recent poll conducted by Mora and Araujo, Noguera and Associates for CRONICA and SIGLO VEINTIUNO.

The survey also shows that, five months away from the elections, the Guatemalan people are pessimistic about the country's future. Crime and citizen safety in general, along with the high cost of living, are the issues of most concern to the average man in the street. In one form or another, these concerns surface when it comes time to express election preferences. People believe that Rios Montt can solve the problem of crime, but have more confidence in Arzu when it comes to economics.

CRONICA-SIGLO VEINTIUNO Poll

"For whom do you intend to vote in the coming elections?" Efrain Rios Montt, 36.8 percent; Alvaro Arzu, 27.8 percent; Fernando Andrade, 1.9 percent.

"If your favorite candidate does not participate, for whom would you vote?" Arzu, 32.2 percent; Rios, 18.7 percent; Andrade, 8.9 percent.

Indicators

This second opinion poll was conducted for CRONICA and SIGLO VEINTIUNO from 21 April to 12 May [date as published], using a sampling of 1,203 registered voters, men and women, from across the country. [Box text on polling methodology states that the poll was conducted by the firm of Mora, Araujo, Noguera and Associates from 21 April to 21 May and that the margin of error was plus or minus 2.1 percent.] In terms of the charisma of the nation's political leaders, the poll puts President Ramiro de Leon Carpio in first place, with 67.2 percent. This result reflects a substantial loss of support for the chief of state, inasmuch as the survey done in March of this year yielded 76.8 percent, and the result in October of 1994 was 81.7 percent. Alvaro Arzu comes in second, with 61.8 percent. PAN's general secretary has also declined in popularity, having obtained a score of 67.6 percent in March and 80.2 in October of last year. In third place is General Efrain Rios Montt, with 58.1 percent. Like the others, he has dropped in the polls since March (62.5 percent) and October of last year (79.3). Fernando Andrade Diaz-Duran appears in the poll for the first time, with 15.8 percent favorable ratings. The candidate from the alliance made up of the Christian Democrats (DC), National Center Union (UCN), and the Social Democratic Party (PSD) was not included in previous surveys because he was not yet considered a presidential candidate.

CRONICA-SIGLO VEINTIUNO Poll

"For which political party would you vote in the November elections?" PAN, 66.8 percent; FRG, 55.8 percent; UCN, 47.7 percent; DCG [Guatemalan Christian Democracy], 21 percent; MAS [Solidary Action Movement], 10.2 percent.

"For which party would you vote in order to send its deputies to Congress?" PAN, 23.9 percent; FRG, 21.5 percent.

Nevertheless, in answer to the question "For whom would you vote if the presidential elections were held today?" the name most often given is General Rios Montt, with 36.8 percent of the favorable answers. This is a substantial increase over the March figure of 30.9. In second place is Alvaro Arzu with 27.8 percent, up from the March result of 19.2. Andrade Diaz-Duran is far behind, with 1.9 percent of the popular support for his presidential candidacy.

De Leon Carpio is not included in this list because he stated publicly in March that he would not participate in the election contest. The number of registered voters intending to go to the polls was 55.1 percent, slightly up from March, when the figure was 47.5. This result would indicate that if the presidential elections had been held in May, Rios Montt would have swept, with 54 percent of the votes on the first ballot, more than an absolute majority.

Party Options

In terms of political party preferences, PAN heads the list with 66.8 percent of the favorable votes. It is followed by the FRG with 55.8 percent, UCN with 47.7, DC with 21, and Solidary Action Movement (MAS) with 10.2 percent.

Given the interplay of possibilities, one observes that in this scenario, the citizens polled would be inclined to vote for PAN, implying a drop in preferences for the FRG if not headed by Rios Montt. On that basis, Arzu could emerge triumphant from the elections.

This conclusion would be confirmed by the question, "If for some reason you could not vote for your favorite candidate, for whom would you vote?" The response favored Arzu, with 32.2 percent, followed by Rios Montt with 18.7 percent, and Andrade Diaz-Duran, with 8.9 percent. The poll did not measure preferences for the UCN-DC-PSD alliance, but for every political party. As a result, both the DC and UCN showed a positive level of support, while the alliance's candidate had very low

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support not in keeping with the results of the groupings mentioned. Moreover, it is yet to be determined how much support might be had by groups interested in creating a leftist alternative to which undecided voters might turn or that could siphon off votes from the triple alliance.

Those polled were also asked about leaders for whom they would never vote. The negative response included Christian Democrats Vinicio Cerezo and Alfonso Cabrera, in that order.

With respect to potential votes for new congressional deputies, 23.9 percent would switch to PAN and 21.5 percent to the FRG. This trend is repeated when poll respondents were asked about their political backing for the next national mayors. PAN members would obtain 32.8 percent of the votes and FRG candidates 15.4 percent. If these data are confirmed, a conservative biparty trend would be shaping up in the country. In the case of PAN, its backing has reportedly risen in rural areas, something that did not occur in the 1990 elections.

However, independently of preferences for leaders and voting intentions, the average Guatemalan is pessimistic and sees a black future. Some 46.1 percent of those polled said next year would be worse. Another 32 percent thought the situation would be the same in 1996, while 11 percent were optimistic and thought it would be better.

This is the most pessimistic result recorded in public opinion polls in the last five years. In the March survey, 40.5 percent said the situation would be worse in 1996, which means that in just two months, pessimism rose by 5.6 percentage points.

Among the problems affecting the country are high prices and crime, revealing a continuing trend, because the same aspects were mentioned in March. The survey also indicates that what most affects Guatemalans personally is their precarious financial situation, the high cost of living, and low wages. They also express indifference to the armed conflict. For them, the concerns of their domestic economy are more important than the secret ups and downs of the peace process between the government and the Guatemalan National Revolutionary Unity (URNG).

Honduras

Reina Denies Honduras Preparing for Castro's Exile

PA1507153495 Mexico City NOTIMEX in Spanish 0125 GMT 15 Jul 95

[FBIS Translated Text] Tegucigalpa, 14 Jul (NOTIMEX) — Honduran President Carlos Roberto Reina denied today U.S. media reports that Cuban agents have infiltrated his administration to prepare for Cuban President Fidel Castro's eventual exile.

Alluding to reports published in Miami, Florida, President Reina said: "I haven't any relationship with regimes that we do not fully recognize and with whom we don't have any trade or diplomatic relationships."

A VIVA magazine report reprinted by local newspapers says that there are "strong indications" that the Fidel Castro government has influence in Honduras and has infiltrated the ruling Liberal Party and other organizations.

According to the report, the Cuban Government has sent agents to Honduras to prepare for the eventual exile of the Cuban revolutionary leader.

"I haven't any information or reports that they want to come to Honduras as exiles," Reina said. Reina believes the opposition is responsible for the article's reprint in Honduras.

According to VIVA, over 200 Cubans are working in Honduras. This was confirmed by the Immigration Board, which said the majority of the Cubans came to work as technicians at the request of private businessmen.

The report also states that Honduras has established direct-dialing with Cuba, which was confirmed by directors of the National Telecommunications Enterprise, who remarked: "Why are you concerned? Other countries also have direct-dialing with Cuba."

Reina said that it was "embarrassing" that Honduras was the last country in America to make that decision.

Reina reiterated that Cuba must conform to democratic rules to be readmitted to the Organization of American States (OAS), from which Cuba was expelled in the 1960's, when Honduras broke diplomatic relations with Cuba.

"Cuba's problem is that is needs to be readmitted to the inter-American system. No American country can remain eternally isolated from a system which defends democracy throughout the American continent," Reina stated.

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According to Reina: "People whose minds are still engaged in the Cold War want to harm the administration by making others believe that the administration has relations with the Cuban Government."

Reina Returns from Trip to Haiti

PA1507142495 Panama City ACAN in Spanish 2113 GMT 14 Jul 95

[FBIS Translated Text] Tegucigalpa, 14 Jul (ACAN-EFE) — President Carlos Roberto Reina returned today, Friday, after a two-day visit to Haiti, where he flew to see the 120 Honduran soldiers who are participating in the peacekeeping force in that country and where he met with his Haitian counterpart Jean-Bertrand Aristide.

Reina, who was accompanied by General Luis Alonso Discua, commander in chief of the Honduran Armed Forces, said he feels "very proud" of the "extraordinary" work the Honduran soldiers are performing in Haiti.

He added that the people of Haiti and the United Nations commend the work by the Honduran troops. The first group of soldiers will be replaced next September. He also noted that Honduran soldiers contributed to guaranteeing the recent elections to pick lower level officials in that Caribbean nation.

Reina noted that, although he was only going to visit his country's troops, Haitian President Aristide met with him. He invited Aristide to visit Honduras whenever he deemed it appropriate.

Aristide hosted a dinner in honor of Reina and thanked him for Honduras' support in bringing peace to Haiti through the international contingent headed by the United Nations.

Government Concerned About 100 Million Lempiras Overdraft

PA1407195095 San Pedro Sula TIEMPO in Spanish 12 Jul 95 p 3

[Report by Fredy Perdomo]

[FBIS Translated Text] Finance Minister Juan Ferrera said yesterday that the government is currently confronting a 100 million lempiras overdraft, but that the situation is being handled jointly by Finance Ministry and Central Bank of Honduras [BCH] officials.

"We have come to an arrangement with the BCH that the overdraft must not exceed 100 million lempiras, and at this time we are dealing with the situation by way of tax receipts, and by means of the orderly management of the General Treasury of the Republic," Ferrera pointed out during an interview.

The finance minister stated that the overdraft came about as a result of several budget allotments having been modified in order to meet some special government commitments, such as the 14th month bonus and wage increases.

He pointed out that this was the reason why Finance Ministry officials had already met with several National Congress deputies with whom they had agreed to sanction those out of budget commitments that at the beginning of the year amounted to 200 million lempiras, but had little by little been settled.

Ferrera acknowledged that some budget items will continue to reflect a deficit as long as the government is not able to properly tax receipts, and that in order to offset this situation the Ministry intends to improve efficiency at the customs department level.

The national budget approved by congress for 1995 amounts to 8,191,232,037 lempiras. Congress has fixed the tax revenues to be received during 1995 at 5.5 billion lempiras. However, Hector Bulnes, head of the Revenue Executive Directorate, has estimated that revenue collection will be close to 6 billion lempiras.

The rest of the funds necessary to meet budget obligations will originate from international financial organizations.

Panama

Envoy to U.S. Views Canal Reversion, Ties

PA1507153695 Panama City TVN Television Network Spanish 1230 GMT 14 Jul 95

[Interview with Ricardo Alberto Arias, Panamanian ambassador to Washington, by program host Mario Rognoni and Guillermo Cochez in the Panama City studio; from the "Crossfire" program — live]

[FBIS Translated Excerpt] [Arias] Good morning. As Panamanian ambassador to the United States, I have to discuss three main subjects. The first deals with the transition of the Panama Canal from U.S. to Panamanian administration in the year 2000. The second — and one which will affect our entire national status — is the U.S. troops' departure from the military bases and the opportunity that we will have to use the military installations that we will receive. Third, Panama's entry into the World Trade Organization [WTO].

These three subjects, closely related to one another, will affect, not only our situation in the coming years, but also our progress in the year 2000 as well.

[Rognoni] Panama-U.S. relations date back to the mid-19th century, when the United States started the construction of the transisthmian railroad. These relations

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intensified during the construction of the canal. Although these relations have been of partners, they have had their highs and lows. We are appraching, not only the end of this century, but the end of one of the most relevant stages in these relations.

For a long time, the Panamanian Embassy in the United States has been and will be perhaps our country's most important embassy. The important position of ambassador is now held by Ricardo Alberto Arias, a Panamanian lawyer for many years concerned by relations between the two countries. In addition, he is the son of a former president. He has always remained out of politics but linked to the country's active life.

[Cochez] Ricardo Alberto, you said that the turning over of the bases is an opportunity for Panama. Nevertheless, some Panamanians insist that the U.S. Government should not leave and that Panama should renegotiate the bases with the United States as soon as possible.

[Arias] We must understand clearly that the U.S. Government will not stay in Panama or leave just because we Panamanians want them to or not. First of all, the U.S. Government must weigh its decision. Next, the U.S. troops' departure from the military bases represents for the Panamanians a very important historic turning point. Of course, we must weigh this against the future loss of revenue and jobs. Nevertheless, the opportunities for Panama that will emerge from the reversion of the military installations and territory around the canal offer such an opportunity for economic development that we should not worry over the U.S. troops leaving.

For this reason, we should make plans in the certainty that the U.S. troops will leave and depart from Panama in the year 2000.

[Rognoni] I would like to ask you about a concept. Panamanians have always believed, or rather wanted to believe, that the North Americans love and care about us. In practice, however, apparently they do not love us very much. For instance, we have not had a U.S. ambassador in Panama for nearly one and one half years and for the 10 months of the Perez Balladares government. In addition, we did not receive much more effective assistance during the Endara government's reconstruction period. Also, there has not been a clearly defined assistance commitment during this government. What view do you think the U.S. establishment has of Panama?

[Arias] Let's bear in mind that countries have no friends. It has well been said that countries have interests. The United States watches over its own interests as it sees fit. The United States does not care or fail to care about Panama. The subject of an ambassador is much more an internal problem of U.S. policy than of U.S. relations with Panama. There has been a confrontation between the Republican Party and the Democrat Party, which delayed the appointment of an ambassador to Panama.

As for the cooperation and assistance that the U.S. Government can offer to Panama, they vary fom one field to the other. For instance, on the transition from U.S. to Panamanian management of the canal, the support that we have been getting from the U.S. directors at the Panama Canal Commission's [PCC] Board of Directors is excellent. Everything goes very well, very dynamically, and with great understanding between the two countries. It depends very much on the persons in charge at a specific time and U.S. and Panamanian interests. This does not depend on a general policy.

[Cochez] Now let us consider this situation from the Panamanian side and how the United States views us. It has been argued that the United States is concerned because we politicize, for instance, the appointment of directors to the PCC Board of Directors.

Before, the directors were followers of the Endara government who were not knowledgeable about canal activities. The current situation is not very different. A cousin of the president, a friend of the president, or the president's lawyer may be among the directors being appointed. In other words, there is no national policy to deal with this canal aspect. This is not only viewed with concern by the United States, but also by the other canal users in light of the possibility that we will manage the Canal as of 1999.

[Arias] U.S. directors are appointed in a similar manner; they are chosen from a pool of supporters of the ruling government. The directors appointed by former President Bush are leaving and are being replaced by directors appointed by President Clinton. This phenomenon is not characteristic of our country.

I do not believe canal users are that concerned with whom is appointing the directors. They are more concerned with the canal's operation and policy. A leading concern canal users may have is how Panama will manage the canal after the year 2000. I am not referring to the directors, but to Panama as a country, which policies it will utilize regarding the use of personnel and the setting of tolls. This is what users are concerned with.

[Cochez] Do you believe a national policy is being outlined regarding what we will do with the canal?

[Arias] I believe a national policy is being outlined regarding the canal's transition. The transition process is progressing well. I believe we are in the process of

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establishing a policy regarding the future of the canal. This policy is not outlined yet, but I believe we are in the process of doing it. I believe the Panamanian members of the canal's board of directors must present the original proposal, and I believe this will be discussed before the year 2000. The congress that will be held in Panama in 1997 to discuss the Panama Canal will be a very auspicious and special opportunity to establish this policy.

[Rognoni] Ricardo Alberto, another one of the U.S. interests — let us describe it that way — in Panama is the fight against drug trafficking. To what extent are Panamanians concerned with cooperating with this struggle and with losing the dollar as their national currency? Many Panamanians are afraid of losing the dollar as Panama's freely circulating currency and of being stuck with a national currency only. To what extent has the United States also considered the issue of the dollar as Panama's national currency — as far as I know only Panama and Korea [as heard] use the dollar as their national currency — within the framework of its fight against drug trafficking and the measures it might have suggested regarding the financial sector, the Colon Free Zone, and so on?

[Arias] No U.S. official has ever suggested to me that there is an interest on their country's part to stop Panama from using the dollar as its national currency. As for controlling money laundering and drug trafficking, this is an area in which Panamanian and U.S. interests converge. Panama and the United States are working jointly and effectively in this area. Why? Because our interests agree and the joint endeavor being undertaken is effective, efficient. The United States is quite pleased with Panama's actions thus far; however, this is a long process and Panama must continue working and stopping these drug traffickers.

[Cochez] Ricardo Alberto, would it not seem to you that the trauma caused by the withdrawal of the military bases becomes more complicated because it coincides with the transfer of the canal and that everything would seem to be taking place at the time?

[Arias] I do understand that all of this makes this situation somewhat difficult for all us. At the same time the United States turns the management of the canal over to Panama, we have to face the consequences of a major loss of national revenues and jobs that the departure of these bases represents. However, this situation, which at first may seem a potential crisis, also opens the door to great opportunities because the proper use of the installations we will be receiving will entail a significant economic development if we do things properly. In order to accomplish this there are several things we first have to put into practice, and most of them are no easy matter.

Our entry into the WTO, a strategy which represents major sacrifices for Panama's industrial sector, is critical if we expect to attract investments to Panama. These investments are fundamental if we expect to use the installations properly.

In addition, at the domestic level, we must provide the legal framework and social stability that will encourage foreign investors to come to Panama. If we are able to accomplish all of this, then the year 2000, and future years will be prosperous for the country. However, if we are unable to accomplish these goals we may well have to deal with a major crisis. It is for this reason that the changes currently taking place in Panama — difficult, challenging, and adverse to some sectors as they may be — are nonetheless required, because without them the year 2000 will find us in a very serious and precarious position.

[Rognoni] Panamanians would seem to perceive that the United States is determined to turn over the canal and have even been quite open in all matters related to the transition, compliance with the treaties, reverted areas, and so forth. With respect to the military bases, however, it would seem that there have been some hints such as, for example, all the improvements taking place at Howard Air Force Base, such as the widening of the landing strip, all the construction within the base, and the consolidation of services between Rodman, Howard, and Kobbe.

In other words, it would seem that the United States has been sending out signals related to its interest in continuing here and that interest includes a specific base, or a base complex that includes Rodman, Howard, and Kobbe for military exercise purposes and the Galetas Island.

Have there been such signals? Has the government, or the embassy in Washington, perceived these signals the same way the public in general has done?

[Arias] Yes. There is a debate currently taking place in the United States with respect to whether they should or should not propose to Panama [pauses], with respect to whether or not they are interested in some military base, military establishment, or military presence in Panama after the year 2000. The drug trafficking issue, controlling drug trafficking coming out of Colombia, and the efforts being carried out from Panama are issues still under consideration.

There are those who believe that the departure of military bases such as Howard for example and the shutdown of Galetas Island will provide Colombian

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drug traffickers with more room to maneuver. There are others who contend that this will not be the case, and that controls can well be executed from Honduras or even Miami. No decision has been adopted yet on the issue.

The U.S. Armed Forces are still undecided on whether or not continuing in Panama would be to their advantage. Once the decision has been made and a proposal made to Panama — if it is made — then Panama will have to evaluate it, weigh it, and determine if there is sufficient reason to accept or reject the proposal in light of the country's best interests.

[Cochez] Nevertheless, it would seem that the government has already decided beforehand that it really yearns for the United States to make a proposal. At any rate, that would seem to be the general assessment.

[Arias] I believe that this is a mistaken assessment. I believe the government has been quite straightforward and clear as relates to this issue. Furthermore, I also believe that this is an issue that not only affects the government, but will affect us all beyond the year 2000. It is also an issue where there should be an in-depth debate throughout the entire country, and it must be covered extensively by the media.

[Rognoni] Ricardo Alberto, your father served as ambassador to Washington. You have been in Washington now and have become familiar with and followed U.S.-Panama relations for decades. How do you perceive current U.S.- Panama relations? Do they follow the pattern we all knew?

[Arias] U.S.-Panama relations must be viewed from two angles: one is that of immediate relations. I believe that day-to-day relations with the U.S. Government are very good. We are working closely in fighting drug trafficking and money laundering. We are working together. The United States has cooperated greatly with Panama's request to enter GATT. This has been nearly completed.

We are talking with the United States about the possibility of establishing a free trade agreement with them or joining NAFTA. Longer-term relations are good but are more complex. Relations will depend greatly on how the canal transition will evolve, how the military base reversion process will advance. It is a very difficult situation that is beginning to develop.

U.S.-Panama relations for one century since our independence — we must be clear about this — have centered on U.S. control over the canal, U.S. military presence in Panama, and our dollar economy. Two of these elements of the U.S.-Panama relations will disappear in the next five years.

In this five-year period, we are in reality laying the foundations for our future relations with the United States. We are laying the pillars of that relationship; we are beginning to build a new building. Future U.S.-Panama relations will depend on how we build those pillars and foundations. [passage omitted]

Acting Minister Says U.S. Ambassador's Presence Needed

PA1707002795 Panama City LA PRENSA in Spanish 16 Jul 95 p A-4

[Report by Lastenia Murillo Munoz]

[FBIS Translated Text] Acting Foreign Minister Omar Jaen has said the new U.S. ambassador's presence is needed in Panama because it will strengthen even more the already excellent relations between the two countries.

The U.S. Government has appointed former New Jersey Congressman William J. Hughes as the new U.S. ambassador to Panama. The appointment is pending approval by the U.S. Senate.

Jaen has said the U.S. executive branch must decide the date when the new ambassador will arrive in Panama once the Senate gives its approval.

Jaen has said "diplomatic relations between both nations are mature, balanced, and harmonious and demonstrate a great spirit of mutual cooperation."

Diplomatic relations between Panama and the United States include not only issues of bilateral interest but also international issues, such as the transfer of the Canal to Panama, an agreement which must be fully enforced by 31 December 1999. To this end, both governments are working within a framework of respect and mutual cooperation.

The acting foreign minister has recalled that the U.S. Embassy in Panama has been headed, from before September 1994, by a charge d'affairs. Hughes will be the first U.S. ambassador during the Perez Balladares administration.

Meanwhile, certain news media in Washington have recently attributed to William J. Hughes, a 62-year-old politician and diplomat, statements regarding the importance of his job as U.S. ambassador to Panama, where issues such as the struggle against the laundering of drug money, the violation of human rights, and the violation of intellectual property rights will be an important part of his agenda.

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President Perez Balladares Cited on Confronting Wrongdoers

PA1707033395 Panama City LA PRENSA in Spanish 16 Jul 95 p A-5

[Report by Vilma E. Figueroa B.]

[FBIS Translated Text] President Ernesto Perez Balladares said the stability of nations, social welfare, and the democratic future of governments depend on the ability to successfully confront wrongdoers, particularly those who promote the trafficking and consumption of drugs and money laundering.

President Perez Balladares made that statement yesterday during the commemoration of the fifth anniversary of the National Maritime Service (SMN). Graduation certificates were also handed to 44 new sailors during the ceremony.

President Perez Balladares recalled that Panama has thousands of kilometers of coast, which makes it vulnerable to various criminal activities. He encouraged SMN units to continue working efficiently to control this problem.

"The SMN's present and future role is essential to guarantee the peaceful coexistence of all Panamanians and in order for Panama to fulfill its international commitment to prevent the use of its territory to promote wrongdoings in other countries," Perez Balladares said.

Before SMN members, Perez Balladares reassured them that his government is willing and committed to giving them its backup and support in order for them to better fulfill their mission.

During his speech, President Perez Balladares said countries are facing a complex and dramatic situation, characterized by the struggle between criminal forces and those representing law and order.

Perez Balladares added that society and nations have overcome the period of confrontations that characterized most of this century, which will come to an end in a few years. Those confrontations triggered uprisings, revolutions, and civil and world wars that put mankind on the verge of its total destruction, Perez Balladares said.

Perez Balladares warned that although a large part of today's world is not facing those types of conflicts, this does not mean those in charge of enforcing the law do not have an important mission to accomplish.

After reiterating that, unfortunately for the nations, organized crime has escalated to unknown scopes, Perez Balladares said no country in the world can boastfully say it is not vulnerable to crime, criminal organizations linked to drugs, or other types of illegal actions that threaten the very basis of society.

President Admits First Months of Administration Difficult

PA1707034495 Panama City LA PRENSA in Spanish 16 Jul 95 p A-2

[Report by Rolando Rodriguez B.]

[FBIS Translated Text] Las Tablas — President Ernesto Perez Balladares has admitted the first months of his government "have been very tiresome and very difficult," because "we have had to quickly carry out several changes that had been postponed for many years."

According to Perez Balladares, those changes "are absolutely necessary to achieve national progress. Without those changes, we will be unable to fulfill our promises to create new jobs and bring better days for Panamanians and our future generations."

Perez Balladares criticized previous governments for not making those changes ,"which they avoided obviously out of political fear." He added that those governments "never had the courage to tell the Panamanian people the truth face to face, as we have been doing."

Perez Balladares traveled in his helicopter to Las Tablas, in Los Santos Province, yesterday where supporters and fellow party members organized a birthday party for him. Thousands of people enjoyed the food, folk dancing, poems and songs dedicated to him.

Almost all the ministers, directors of autonomous institutions, and other government officials, as well as legislators, accompanied the president. Legislative Assembly President Balbina Herrera's absence, however, was noticeable.

Perez Balladares said "thanks to divine providence" the changes and reorganizations his government is implementing are almost over, and "we will be able very soon to dedicate ourselves wholeheartedly to promoting the social changes our country is demanding."

He added: "Gradually, we are entering the phase when we will implement the changes you have been expecting and wanting for so long and which you are confident we will bring to you. Believe me, we are entering that phase of solutions you are justly demanding. Thank you for waiting."

In his speech, Perez Balladares announced he will soon sign the order to build a new hospital in Las Tablas, which will have a capacity for 150 beds. He added that at the same time, he will order the construction of other

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hospitals for Aguadulce and Santiago, as well as for the banana province of Bocas del Toro.

In addition, he said he hopes to extend the construction of the northern highway to the interior of the country. He announced he is conducting studies to expand the freeway from Chorrera to the interior of the country. "We would at least like to build a freeway up to Santiago de Veraguas," he said.

What is important, he added, is that the changes we promised are taking place in a climate of peace, and although "we cannot please everyone, believe me, we are trying to do the things the country needs most, with the least possible traumatic effects."

He said he will be honest in "rectifying" should his government make any mistake, adding that he will not leave farmers without protection, although labor laws will be made more flexible. "This, in no way implies a lack of protection or taking away what labor movements have accomplished," he said.

Jury Finds Noriega Innocent in Murder of 9 Officers

PA1407022195 Panama City Circuito RPC Television in Spanish 0051 GMT 14 Jul 95

["Special news bulletin" by Luis Polo Roa]

[FBIS Translated Text] [Polo Roa] We interrupt our regular programming to present to you the verdict read by Magistrate Andres Almendral regarding the case of the 3 October 1989 Albrook massacre. Let us listen to what is going on inside the Supreme Court building:

[Magistrate Almendral, in progress] ...is the accused Manuel Antonio Noriega Moreno innocent or guilty of having participated in the violent death of Edgardo Estanislao Sandoval Alba, who died as a result of: a. hemorrhagic shock; b. bullet wounds, as established in the post-morten examination signed by Dr. Eric S. Aguirre S., auxiliary forensic doctor of the Legal Medicine Institute, appearing on pages 82 to 94 of Book I, all of which resulted from a bloody incident that occurred in the early afternoon hours of Tuesday, 3 October 1989, in the Firing Range under construction within Hangar No. 2 of the former Albrook Field Airport, located in Ancon Corregimiento, District and Province of Panama? The jury resolved: Innocent.

Next question: Is the accused Manuel Antonio Noriega Moreno guilty or innocent of having participated in the violent death of Jorge Bonilla Arboleda, who died as a result of: a. acute hemorrhagic shock; b. bullet wounds, as established in the post- morten examination signed by Dr. Roger M. Montero B., general director of the Legal Medicine Institute, appearing on pages 114 to 127 of Book I, all of which resulted from a bloody incident that occurred in the early afternoon hours of Tuesday, 3 October 1989, in the Firing Range under construction within Hangar No. 2 of the former Albrook Field Airport, located in Ancon Corregimiento, District and Province of Panama? The jury resolved: Innocent.

Next question: Is the accused Manuel Antonio Noriega Moreno guilty or innocent of having participated in the violent death of Ismael Vicente Ortega Caraballo, who died as a result of: a. craniocerebral destruction; b. bullet wounds to the head, as established in the post-morten examination signed by Dr. Eric S. Aguirre S., auxiliary forensic doctor of the Legal Medicine Institute, appearing on pages 148 to 160 of Book I, all of which resulted from a bloody incident that occurred in the early afternoon hours of Tuesday, 3 October 1989, in the Firing Range under construction within Hangar No. 2 of the former Albrook Field Airport, located in Ancon Corregimiento, District and Province of Panama? The jury resolved: Innocent.

Next question on last on homicide [corrects himself] I mean ante penultimate: Is the accused Manuel Antonio Noriega Moreno guilty or innocent of having participated in the violent death of Francisco Concepcion Espinoza, who died as a result of: a. massive internal bleeding; b. bullet wounds, as established in the post-morten examination signed by Dr. Roger M. Montero B., general director of the Legal Medicine Institute, appearing on pages 131 to 144 of Book I, all of which resulted from a bloody incident that occurred just before dusk on Tuesday, 3 October 1989, in the Firing Range under construction within Hangar No. 2 of the former Albrook Field Airport, located in Ancon Corregimiento, District and Province of Panama? The jury resolved: Innocent.

Next question: Is the accused Manuel Antonio Noriega Moreno guilty or innocent of having participated in the violent death of Feliciano Munoz Vega, who died as a result of: a. bronquial asthma aspiration; b. bullet wounds, as established in the post-morten examination signed by Dr. Roger M. Montero B., general director of the Legal Medicine Institute, appearing on pages 404 to 417 of Book II, all of which resulted from a bloody incident that occurred just before dusk on Tuesday, 3 October 1989, in the Firing Range under construction within Hangar No. 2 of the former Albrook Field Airport, located in Ancon Corregimiento, District and Province of Panama? The jury resolved: Innocent.

Next question: Is the accused Manuel Antonio Noriega Moreno guilty or innocent of having participated in the violent death of Deoclides Julio, who died as a result of: a. brain edema, laceration, and contusion; b. bullet

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wounds, as established in the post-morten examination signed by Dr. Eric S. Aguirre S., auxiliary forensic doctor of the Legal Medicine Institute, appearing on pages 389 to 400 of Book II, all of which resulted from a bloody incident that occurred at approximately 1600 on Tuesday, 3 October 1989, in the patio of the General Headquarters of the former Panama Defense Forces, located in Chorrillo Corregimiento, District and Province of Panama? The jury resolved: Innocent.

Next question: Is the accused Manuel Antonio Noriega Moreno guilty or innocent of having participated in the violent death of Eric Alberto Murillo Echevers, who died as a result of: a. bronchial asthma aspiration; b. bullet wounds, as established in the post-morten examination signed by Dr. Roger M. Moreno B., general director of the Legal Medicine Institute, appearing on pages 98 to 109 of Book I, all of which resulted from a bloody incident that occurred in the predawn hours of Wednesday, 4 October 1989, within Hangar No. 2 of the former Airport of Albrook Field, located in Ancon Corregimiento, District and Province of Panama? The jury resolved: Innocent.

[Polo Roa] The jury has declared former Gen. Manuel Antonio Noriega innocent of all charges he faced for the offense of murder related to the massacre of 3 October 1989, known as the Albrook massacre. We repeat, former Gen. Manuel Antonio Noriega was found innocent. This ruling has already been read by Magistrate Almendral. This was the decision of the jury. We will have more information on the others accused, as the verdicts from the jury are read. Let us go back to our studios.

Noriega Guilty of Conspiracy in Albrook Massacre Case

PA1407035895 Panama City ACAN in Spanish 0237 GMT 14 Jul 95

[FBIS Translated Excerpt] Panama City, 13 Jul (ACAN-EFE) — Today, 13 July, former Panamanian General Manuel Antonio Noriega was declared innocent of the so-called "Albrook Massacre" in which nine military officers who revolted against him were killed on 3 October 1989.

However, the jury considered that Noriega, who is serving a 40-year prison sentence for drug trafficking, is guilty of conspiracy to commit a crime and of depriving the victims of the "massacre" of their personal freedom.

Andres Almendral, the magistrate in charge of the case, read the ruling after the jury deliberated for more than eight hours at the venue of the Second Superior Court of the Supreme Court of Justice in Panama City.

Three of the six former military officers prosecuted in this case were present during the trial hearings, which began on 5 June. They were officers Lenin Miranda, Aristides Cordoba, and Sergio Gonzalez, who were acquitted from all charges against them.

Asuncion Eliecer Gaitan, Noriega's assistant; former major Gonzalo Gonzalez, alias "Chalo;" and former captain Evidelio Quiel were prosecuted in absentia because they remain at large.

The special prosecutor acting in the case asked the maximum sentence the Panamanian Penal Code stipulates, 20 years in prison, for all the defendants for the crimes of murder, conspiracy to commit a crime, and deprivation of freedom.

The jury, made up by four men and an equal number of women, ruled that Asuncion Gaitan, Gonzalo Gonzalez, and Evidelio Quiel were guilty of murder. The three of them have remained at large since the U.S. Army invaded the country on 20 December 1989.

The reading of the sentence, which lasted more than 90 minutes, stirred protests from the victims' relatives, some of whom were evicted from court while they decried that the jury "had been bought" and that there is no justice in Panama. [passage omitted]

This is the first trial, of the four trials that have been held so far in Panama against the former general for murdering people opposing his regime, in which Noriega is declared innocent from murder charges. [passage omitted]

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Argentina

Government 'Could Sell' Atomic Reactor to Syria

PY1507012295 Buenos Aires TELAM in Spanish 2041 GMT 14 Jul 95

[FBIS Translated Text] Buenos Aires, 14 Jul (TELAM) — Vice Foreign Minister Fernando Petrella admitted today that Argentina could sell an atomic reactor to Syria if prior to that a nuclear security treaty were signed between the two countries.

"The policy on sensitive Argentine exports is regulated by very strict legislation, and a bilateral agreement on nuclear security is the first thing this legislation calls for," he said.

Petrella made these remarks tonight as he was leaving a reception hosted by the French Embassy to commemorate the 206th anniversary of the taking of the Bastille and the founding of the first French Republic.

Regarding the possibility of the United States opposing the operation due to security or other concerns, Petrella said: "I do not see that on the horizon."

Petrella explained that "Argentine policy on this topic does not admit exceptions."

He also indicated that it does not "exclude any country that desires our technology as long as it conforms to our legislation."

U.S. Delegation's Visit to AMIA Bombing Site Noted

PY1307204895 Buenos Aires BUENOS AIRES HERALD in English 10 Jul 95 p 2

[FBIS Transcribed Text] (DYN) Two members of the delegation of United States officials that attended President Carlos Menem's inauguration visited yesterday the site of the AMIA Jewish organization building which was levelled by a bomb attack on July 18, and promised help from the Clinton administration to solve the case.

U.S. Under Secretary of State Strobe Talbott and inter-American affairs chief Richard Feinberg spent 20 minutes at the site, accompanied by DAIA [Delegation of Argentine-Israeli Associations] Jewish organization head Ruben Beraja.

"We will do everything we can to help," Talbott told Beraja, who pleaded for U.S. help to solve the case. Beraja told a local radio station that he asked the U.S. Government to pressure Paraguay, which is currently holding a group of Brazilian-Lebanese nationals in connection with the attack set to be extradited to Argentina, to tighten up security in the country. The DAIA head also underlined the importance of an international summit on security scheduled to take place in Buenos Aires on August 3, which will discuss terrorism.

Beraja added that the Paraguayan-Argentine border is a safe haven for members of the Hizbollah, a pro-Iran fundamentalist group which operates in Lebanon.

Possible Attack Against U.S. Targets Viewed

Corach Comments on Security

PY1407134495 Buenos Aires TELAM in Spanish 1225 GMT 14 Jul 95

[FBIS Translated Text] Buenos Aires, 14 Jul (TELAM) — Interior Minister Carlos Corach today reported that, "as they do with the Jewish community, the Federal Police will guard U.S. targets" to prevent terrorist attacks against them.

With regard to a U.S. State Department warning on the possibility of an attack [against U.S. targets] in South America, Corach told Radio Mitre: "All state security systems, both our border security system and that monitoring potentially dangerous groups, have been placed on alert."

'Unusual Communique'

PY1407134595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1246 GMT 14 Jul 95

[FBIS Translated Excerpt] Buenos Aires, 14 Jul (NA) — Following a warning issued yesterday by the U.S. State Department on the possibility of a terrorist attack against "a U.S. target" in a South American country in July, Interior Minister Carlos Corach today emphasized that the government has "particularly" increased the guarding of U.S. buildings.

Even though he made it clear that "preventive measures have not been taken over this announcement," Corach noted: "A security warning has already been issued for our border units to detect potentially dangerous groups." He announced: "There will be more policemen on the streets. They will especially guard U.S. targets."

Nevertheless, the interior minister said he is unaware of the reason that led the United States to issue "this unusual communique" yesterday, a communique that has caused concern to our society over the possibility of a terrorist action similar to the one that demolished the AMIA [Argentine-Israeli Mutual Association] headquarters on 18 July 1994, resulting in a toll of 86 casualties.

The interior minister said: "We have contacted the Foreign Ministry, the Secretariat for State Intelligence

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(Side), and even Israeli Ambassador Yitzhaq Aviran, and no one really knows or has any report on the reason or the information handled with regard to the issuance of such a communique that has caused concern to the public."

The interior minister explained: "The communique notes that a U.S. target somewhere in South America could be attacked by fundamentalist groups."

In remarks to a radio station this morning, the interior minister said: "That is all it says. We are unaware of the circumstances under which this communique has been issued, and the variety of its terms cannot be reconciled with the possibility of giving it serious consideration."

Nevertheless, Corach admitted that the report has caused concern to the population because "we already have been attacked twice by terrorist groups and all of us are sensitive to this type of issue," hinting at the attacks against the Israeli Embassy in 1992 and the AMIA headquarters in 1994.

The interior minister said: "Therefore, we surmised that this undefined location in South America could be Buenos Aires, but we do not have any information confirming this strange communique." [passage omitted]

Petrella on Possible Targets

PY1407151595 Buenos Aires TELAM in Spanish 1259 GMT 14 Jul 95

[FBIS Translated Text] Buenos Aires, 14 Jul (TELAM) — Vice Foreign Minister Fernando Petrella today emphasized that the information released yesterday by the U.S. State Department, warning of the possibility of a terrorist attack in South America, did not mention Buenos Aires as the target of a possible [terrorist] attack.

Petrella told Radio del Plata: "The information that (Argentine) Ambassador (in Washington) Raul Granillo Ocampo relayed to us yesterday afternoon (on the U.S. State Department warning) does not mention Buenos Aires as the target of this (probable) attack."

The vice foreign minister pointed out that Foreign Ministry officials keep "in touch" with U.S. officials and with Granillo Ocampo "for more details."

Petrella noted that "in the (U.S.) State Department information, we did not find this detail," reported by the CNN news network, mentioning Argentina as the probable target of a terrorist attack.

The vice foreign minister emphasized: "All of us are a possible target, to a certain extent. We trust that our own security measures, our population's cooperation, and widespread awareness will make another attack impossible."

Petrella emphasized that Argentina "has taken a very active stance against international terrorism and has taken the required lead, following the ruthless attacks against us." "But this does not indicate that we will necessarily be the target" of another attack, he said.

The vice foreign minister noted that Foreign Minister (Guido) Di Tella was the first one who raised the issue of terrorism at the UN Security Council." [no opening quotation marks as received]

The vice foreign minister emphasized: "A convention that had largely been sponsored by Argentina was approved by the General Assembly in 1994." He also noted that "an international conference" on the prevention of terrorism "will be held in Buenos Aires in the next few weeks."

Asked about the status of the investigations into the attacks perpetrated in Buenos Aires against the Israeli Embassy and the AMIA [Argentine-Israeli Mutual Association] headquarters, the vice foreign minister said: "Argentina is not conducting this investigation all by itself, but is receiving active cooperation from the most important security services around the world."

Petrella emphasized: "All our gates are open. There are no closed borders for this type of crime, which markedly transcends national borders. Therefore, this concern (following the U.S. report released yesterday) involves everyone."

Menem on Security

PY1407152495 Buenos Aires TELAM in Spanish 1357 GMT 14 Jul 95

[FBIS Translated Text] Buenos Aires, 14 Jul (TELAM) — Following a U.S. State Department communique, warning of a possible terrorist attack against U.S. facilities in South America, President Carlos Menem today emphasized that security measures have been increased.

Upon leaving the Central Market, Menem told journalists: "Security measures are increased whenever this type of information is received."

[Buenos Aires NOTICIAS ARGENTINAS in Spanish at 1435 GMT on 14 July, in a similar Buenos Aires-datelined report, adds: "Foreign Minister Guido Di Tella emphasized this morning that the government 'is taking all possible precautionary measures' to prevent another terrorist attack. Di Tella noted, however, that Argentina 'does not run any risk at all' of becoming the scenario of another terrorist attack such as those perpetrated against the Israeli Embassy in 1992 and the AMIA [Argentine-Israeli Mutual Association] headquarters in

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Buenos Aires last year. The foreign minister made these remarks at the Central Market of Buenos Aires. He, along with President Carlos Menem and Buenos Aires Governor Eduardo Duhalde, participated in the inauguration of facilities for a regional economies fair."]

Interior Minister: Extradition of Lebanese Approved

PY1407153495 Buenos Aires TELAM in Spanish 1307 GMT 14 Jul 95

[FBIS Translated Text] Buenos Aires, 14 Jul (TELAM) — Interior Minister Carlos Corach today emphasized that the extradition of the Lebanese citizens detained in Paraguay, who are suspected of having been involved in the attack perpetrated against the AMIA [Argentine-Israeli Mutual Association] headquarters on 18 July 1994, has been approved.

Corach told Radio Mitre: "The extradition has been approved, and I believe these people will arrive in our country within the next few days."

Negotiations With UK on Falklands Viewed

Di Tella Comments on Talks

PY1407012095 Buenos Aires LA PRENSA in Spanish 12 Jul 95 p 4

[Interview with Argentine Foreign Minister Guido Di Tella by Ana Gerschenson; place and date not given]

[FBIS Translated Text] [Gerschenson] Are we making headway in our negotiations with the British over oil?

[Di Tella] There are many problems... We are making headway in the subjects in which we do not discuss substantial questions. The fact that negotiations have not been interrupted, and continue, constitutes in itself an advance.

[Gerschenson] The inhabitants of the Malvinas have already announced that they will invite firms to bid for oil licenses in October, regardless of whether Argentina and the United Kingdom have come to an agreement...

[Di Tella] That does not exactly help...and if an international bid is called we will no longer be able to negotiate.

[Gerschenson] When are you planning to submit your project to hold a plebiscite to decide the payment of an indemnification to the Kelpers?

[Di Tella] ...That is a long, long way off...

[Gerschenson] Will President Carlos Menem set foot in London during his second term in office?

[Di Tella] I think so. No negotiations are being conducted for the time being, because the time is not yet ripe. We must first settle the question of oil...

[Gerschenson] If an accord were to be hammered out, would the door be open for Menem to travel to Great Britain?

[Di Tella] Yes, provided that we reach agreement on oil, fishing, and other questions like the arms embargo. Well...there are several small matters, which are in fact not so small, that must be satisfactorily arranged before the president can visit the United Kingdom.

[Gerschenson] Still, would an oil agreement be a decisive factor for this trip?

[Di Tella] Yes, it would be decisive.

[Gerschenson] Report has it that the conflict with Brazil over car imports came as a complete surprise to the Foreign Ministry...

[Di Tella] Those who claim that it took us by surprise are those who were indeed taken by surprise, and not us... We had already sent two missions to hold negotiations, which finally ended in success for us because what we considered a threat did not come to pass.

[Gerschenson] At the level of self-criticism: Wouldn't this controversy have been less serious if Mercosur [Common Market of the South] had moved faster in the institutionalization process?

[Di Tella] That is a pending task. Nevertheless, the institutionalization of Mercosur — something we want to achieve — has met with much opposition.

[Gerschenson] When is the agreement going to be institutionalized, then?

[Di Tella] After a lapse of two years.

[Gerschenson] Are we going to elect authorities and have a Mercosur Parliament in two years' time?

[Di Tella] I am not talking about a parliament, but rather about institutions, such as having a permanent official as Mercosur general secretary.

[Gerschenson] Meanwhile, isn't it damaging for Mercosur's international image to keep having these kinds of confrontations?

[Di Tella] We had a small problem, which has already been circumvented. Problems are bound to appear here and there. First it will be over some products, and then over some others — this is the way the market is — and they will be resolved on a case-by-case basis.

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[Gerschenson] Senator Eduardo Menem has framed his own strategy to recover the Malvinas Islands, which by the way is not the one you are employing... Are you going to continue with the seduction policy in the future?

[Di Tella] As long as the president decides to do so, yes, I will. That is not my strategy. The president has established very clear guidelines on this matter, with which we are fully complying.

UN Decolonization Committee Acts

PY1407033395 Buenos Aires TELAM in Spanish 1931 GMT 13 Jul 95

[Report by unidentified TELAM correspondent]

[FBIS Translated Text] United Nations, 13 Jul (TELAM) — The UN Decolonization Committee today approved a resolution urging Argentina and Great Britain to move ahead toward a negotiated solution to the "dispute over the sovereignty" of the Malvinas Islands.

The resolution came as a result of a proposal by Chile, Venezuela, and Cuba, the three Latin American countries sitting on this committee. On behalf of the Argentine Government, Foreign Minister Guido Di Tella thanked these three countries for adopting this position, by which "we feel highly honored."

The representative from Papua New Guinea tried to introduce an additional clause to the resolution putting the Malvinas inhabitants' right to self-determination on record.

However, following negotiations with the three proponents of the resolution, the Papua New Guinean representative agreed to leave his proposal to "future discussions."

The document, which was approved by consensus and will be submitted to a plenary session of the UN General Assembly, requests that the negotiations be geared to finding "as soon as possible" "a peaceful, just, and lasting" solution to the dispute over sovereignty over the Malvinas Islands.

It moreover underscores the good relations that exist between Argentina and the United Kingdom, and the wide-ranging international support for a negotiated solution. The resolution adds that it is to be regretted that despite this propitious climate no progress has yet been made.

E.M. Goss and Norma Edwards, two representatives from the Council of the islands in question, rejected the idea of negotiations that could result in a possible change of status or a payment of monetary compensation.

Di Tella later commented that the refusal to hold talks "demonstrates an authoritarian position."

The Argentine foreign minister added: "I think the islanders are very nervous and filled with alarm. We are trying to calm them down. They are very frightened. They do not want to hold talks because they feel insecure."

During his speech before the UN Decolonization Committee, Di Tella emphasized Argentina's firm will to strive after a "wholly peaceful solution, in keeping with international law."

The foreign minister reiterated that the question of sovereignty is "a very complex issue that requires creative solutions." He stressed that at the international level there have nonetheless been cases of conflicts being resolved after surmounting "even more formidable obstacles than those we are encountering in the South Atlantic."

Di Tella cited the examples of the agreements between the Israelis and the Palestinians, and the solution arrived at between Finland and the Aland Islands by compromising on a special status for those islands.

In describing the nature of the differences between Buenos Aires and London over the Malvinas, Di Tella stated that while "we associate sovereignty with the land," the British "lay stress on the islanders' lifestyle and their political culture."

Di Tella once again called upon the Malvinas' inhabitants to agree to "hold talks without exclusions within a framework of mutual respect for the rule of law and fundamental liberties."

The foreign minister underlined that in the conflicts that have flared up "in various parts of our planet, it has been possible to find a way — often without sharing the same values or acknowledging a common history — to settle by diplomatic means conflicts that had seemed to defy a concerted solution."

Petrella: Meeting 'Positive'

PY1207193395 Buenos Aires TELAM in Spanish 1531 GMT 12 Jul 95

[FBIS Translated Text] Buenos Aires, 12 Jul (TELAM) — Vice Foreign Minister Fernando Petrella today described as positive a meeting that Argentine and British representative held here to discuss oil exploration in the Malvinas Islands.

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The vice foreign minister told TELAM: "There was sustained interest in the explanations exchanged between the two sides, something that may be described as discreetly positive."

The vice foreign minister explained that these meetings "follow those held by Foreign Minister Guido Di Tella with (his British counterpart) Douglas Hurd in London and Foreign Policy Under Secretary Guillermo Gonzalez with his Foreign Office counterpart, Ambassador William Marsden."

The vice foreign minister noted: "During the meeting between Gonzalez and Marsden, mutual proposals were exchanged. Each side received these proposals with interest, which represents a breakthrough."

Petrella indicated that the proposals "were sent to a team of experts that met yesterday." He said: "This team is made up of Argentine Legal Counsel Ambassador Alberto Davedere, British Legal Counsel Anderson, Malvinas Area Director Luis Mendiola, and the British South Cone director."

The vice foreign minister said: "The technical aspects of each proposal were perused and there was a sustained interest in the explanations exchanged between the two sides, something that may be described as discreetly positive."

Asked if the legal, technical, and financial aspects had been reviewed, the vice foreign minister pointed out that "all the aspects of the respective proposals" were reviewed, visualizing oil exploration around the Malvinas Islands.

Petrella pointed out that, "if diplomatic negotiations remain on this same course," the next step would be "an unofficial meeting between Guillermo Gonzalez and William Marsden, which has been scheduled for the third week of July," intended as an attempt to advance in the achievement of an agreement with the United Kingdom on oil exploration.

Intelligence Chief of Joint General Staff Installed

PY1207180395 Buenos Aires TELAM in Spanish 1321 GMT 11 Jul 95

[FBIS Translated Text] Buenos Aires, 11 Jul (TELAM) — Lieutenant General Mario Candido Diaz, the Joint General Staff chief, today installed General Jorge Rearte, the new intelligence chief of the Joint General Staff.

Rearte, who had been serving as chief of the Military Household of the Presidency, replaces Rear Admiral Carlos Rodriguez, who, in turn, has been appointed as Naval Personnel Department director.

The ceremony was held at the Joint General Staff headquarters on the fifth floor of the Defense Ministry. Vice Admiral Jose Heredia, the Joint General Staff deputy chief, among other military officers, was present at the ceremony.

Bolivia

President Sanchez Warns Coca Growers on Eradication Program

PY1407151095 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 14 Jul 95

[By correspondent Jorge Jimenez]

[FBIS Translated Text] Planting of coca has been forbidden in the Chapare or other zones established by Law 1008. Not one centimeter of new coca crops will be allowed. Otherwise, the law will be imposed with all its force. This ultimatum has been released by President Gonzalo Sanchez de Lozada, who categorically stated that the ecological police and Umopar [Mobile Police Units for Rural Areas] will intervene when this happens.

[Begin Sanchez de Lozada recording] We are struggling for voluntary eradication. We do not want forcible eradication, because we believe that it can undermine our fragile social peace. Besides, Bolivia, its current problems notwithstanding, is a country of social peace and tranquillity. There are no levels of violence or guerrilla activity in the country, and we want to keep it that way. But what is important to note — when referring to the eradication program — is that the people who eradicate a hectare of their coca crops and receive $2,500 in exchange cannot replant coca the following day. We are not going to allow this because we have been criticized for it, and for that reason we have lost credibility. [end recording]

If any peasant from the Chapare has accepted and received the compensation money, he will not be allowed to engage in the same activity, either on the land where eradication was carried out or elsewhere.

President Sanchez de Lozada also admitted the fact that the alternative development program has not been easy because errors in its implementation have been repeated year after year. He added, however, that without the active participation of the people from the Chapare region, any project to replace the coca economy will surely fail.

During his contact with the press, the Bolivian president was also consulted about the possible extension of the state of siege, and, according to what he said, everything leads us to believe that this exceptional measure will not be extended for another three-month period.

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[Begin Sanchez de Lozada recording] There is no resolution on the matter. I understand that the state of siege will automatically end on 17 or 18 July, according to the Constitution, because no measure against its ending has been adopted. [end recording]

The state of siege, which was implemented on 18 April 1995, with a violent interruption of a COB [Bolivian Labor Federation] meeting, prompted the banishment of more than 300 people, and has deterred any attempted coercive measure by the COB.

Chapare Coca Producers Suspend Voluntary Eradication

PY1707132195 La Paz LA RAZON in Spanish 4 Jul 95 p A14

[FBIS Translated Text] Cochabamba, 3 Jul (LA RAZON) — Coca growers federation leader Evo Morales has reported that the emergency plenum of the five federations of coca producers held in Sinahota, with the participation of 500 peasant delegates, has decided unanimously to suspend the voluntary eradication of coca crops until the government proves the profitability of the alternative development programs.

The Chapare coca producers have ratified their decision to stage a protest march to the city of Cochabamba on 19 July, and rejected the militarization and forceful eradication of coca crops, demanding the implementation of alternative development plans with the people's participation, the revision of the extradition treaty, and solidarity with the peasants who live in the Isiboro Secure Park, he said.

"If the government insists on evicting peasants from the Isiboro Secure Park, the coca producers of the five federations of the tropical region will march to this region to resist the attacks by the repressive forces, which during the past few days have mobilized military and police troops and civilian agents who in the name of drug enforcement have created anxiety and panic," he said.

He added that peasants who live in the Isiboro Secure Park will rally on 8 July to outline a "resistance" strategy against the eviction attempts and to reject the eradication of coca crops.

Evo Morales said that representatives of peasants organizations have reported that approximately 2,200 hectares of coca crops have been eradicated in the Chapare, thus fulfilling a commitment with the country and avoiding a possible decertification.

He added that "many peasants who have agreed to a voluntary eradication of their coca crops have to this date not yet received the payment of $2,500 per eradicated hectare, thus representing non- fulfillment of agreements."

He said: "The plenum held in Sinahota asked President Gonzalo Sanchez de Lozada for the dismissal of Government Minister Carlos Sanchez Berzain, as he is a negative element who distorts the real national situation and puts the country in a position submissive to the U.S. Embassy." The Chapare coca producers rejected the extradition treaty signed recently with the U.S. Administration, as it violates national dignity and security. "If Congress does not amend this treaty, the peasants might adopt measures of rejection," Morales said.

Brazil

Company Accused of Illegally Exporting Grenades to Iran, Honduras

95SM0419B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Jun 95 p 6

[Article by Claudio Renato: "Illegal Export of Grenades Alleged"]

[FBIS Translated Text] Rio de Janeiro—Sao Paulo businessman Joao Chiarelli Filho, president of Explo of Brazil, a holding company that controls the Valparaiba Explosives Company (CEV) in Lorena, Sao Paulo State, has been accused by the federal prosecutor's office in Rio of illegally exporting handgrenades to Iran and Honduras. They were supposedly part of a lot of a million M-4 weapons. Investigations revealed that grenades from the same lot were found among Rio drug traffickers and Nicaraguan contras.

The charge against Chiarelli Filho was sent to the 13th Federal Court on Friday by Federal Prosecutor Arthur de Brito Gueiros Souza. The investigation was based on the arrest of three traffickers in January 1991 in a shantytown in the West Zone, and the death of two alleged traffickers in Cabo Frio (Rio de Janeiro State) in December 1992. In both cases, the police found three CEV-made handgrenades from sub-lot 02-02-84 in the hands of the criminals.

The grenades are thought to have been exported to Libya by Jabour Exports, of Rio, according to an authorization issued by the Ministry of Foreign Relations and the Ministry of the Army's Controlled Products Inspection Directorate. Souza's findings were based on probes by the Military Command of the East and the Federal Police. The accusation also implicates a retired Army lieutenant colonel, two CEV directors, and two people from Jabour.

According to Gueiros, an analysis of the documents seized found "no document from the Government of

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Libya certifying receipt of the respective lots and sublots of grenades, as is required by the National Policy on Exportation of Materiel for Military Use." "It was all a very well-developed plot to manufacture illegally a million grenades, since the Government of Libya was used only as a front."

The accusation cites the testimony by a former director of CEV, Zoltan Racz, who told the Federal Police that he was unaware of any deals involving the sale of a million grenades to Libya. He stated that the only transaction between CEV and Jabour for production and export of a million grenades and other weapons had had Iran as its destination, despite the fact that sales to that country were prohibited at the time.

Experts To Finalize Cuban Nuclear Plant Plans in Russia

PY1307010295 Rio de Janeiro JORNAL DO BRASIL in Portuguese 11 Jul 95 p 6

[From the "JB Report" column by Dora Kramer]

[FBIS Translated Text] Experts from the MPE [expansion unknown] group of Rio de Janeiro will depart for Moscow on 14 July to settle the last details of the Cuban nuclear power plant, the construction of which Fidel Castro wants to resume.

Paralyzed since the downfall of the Soviet Union, the nuclear plant, which is located in Cienfuegos, will be finished thanks to financing from Russia, MPE, and a consortium of British and German banks.

The cost of the construction will be $750 million, and it will supply energy to the hotels of Varadero.

Police Probing Weapons Imported by Rio 'Collectors'

PY1407181795 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 14 Jul 95

[FBIS Translated Text] The Federal Police [PF] are seeking to find out about the destination of two tonnes of weapons imported in the name of the Brazilian Association of Arm Collectors of Rio de Janeiro. The shipment of pistols and rifles — which are true military weapons — caught the attention of police at the Rio de Janeiro international airport.

Authorizations for importing weapons are granted by the Army Department for Controlled Products. An official communique is expected this afternoon to determine if these arms have been imported irregularly.

The Rio de Janeiro Airport cargo terminal, which is located on the ilha do Governador, is surrounded by Air Force soldiers. They provide additional security at the main entrance and at the access points to the warehouses. Trucks are stopped and their cargo and documents are checked. The warehouse where the weapons are stored has been isolated.

According to the PF, the import was made in accordance with legal provisions and was authorized by the Army. The weapons cannot be seized. They include: 90 9-mm pistols and 275 AK-47 rifles. These Russian rifles have great firepower and are comparable to the U.S. AR-15 rifles, which were used during the Gulf war.

The weapons were imported by the Brazilian Association of Arms Collectors, based in downtown Rio de Janeiro. The address of the association caught the attention of police because it is the same used by Air Force Colonel Latino Da Silva Fontes, retired, who was arrested last month with 30,000 cartridges for AR-15 and AK-47 rifles.

The PF is starting a number of investigations. The PF wants to know how the 160 arms collectors are going to use the two tonnes of weapons and ammunition.

At the request of the Eastern Military Command, the Federal Revenue Secretariat this morning authorized the transfer of the weapons to an Army warehouse.

[Sao Paulo AGENCIA ESTADO in Portuguese at 2224 GMT on 13 July, in a similar report on the imported weaponry, adds that "the shipment came from China."]

'Confidential' Document on Sivam Appropriations Revealed

Raytheon To Control Project 'in Practice'

PY1307181795 Sao Paulo FOLHA DE SAO PAULO in Portuguese 10 Jul 95 Section 1 p 7

[Report by Lucas Figueiredo]

[FBIS Translated Text] The government will give all the money appropriated for the supply of equipment and the rendering of services for the Sivam project [Amazon Region Surveillance System] — even those considered of national security interest — to the U.S. company Raytheon.

In practice, Raytheon will control the project, which is not what the Senate decided.

FOLHA obtained a copy of the confidential contract. The document shows that the government will pay Raytheon $170 million more than the $1.115 billion that was previously anticipated.

The Senate decided that the extra money, according to the original contract, should be used to contract a Brazilian company, which in the technical jargon

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is called an integrator company, to provide services considered of national security interest.

The government put a temporary halt to the idea of contracting an integrator company following reports of fraud against the Social Security System levied against ESCA [Automation and Control Systems Engineering], the company originally selected as the local company in the joint venture.

The Aeronautics Ministry will officially manage the project, develop the appropriate software (computer program), and maintain all confidential information under its control. The money to perform this task, however, will be given to Raytheon.

The entire budget of the Sivam project ($1.4 billion) is, therefore, committed to the Raytheon contract ($1.285 billion), except for $110 million that is earmarked for future works involving infrastructure, including bridges and roads.

The contract, contrary to what the government sustains, provides for Raytheon to participate in tasks that are considered of national security interest, such as the development of software.

The 95-page contract was classified as "confidential," and it was signed by Aeronautics Minister Mauro Gandra and Raytheon Vice President James Carter on 27 May.

The contract is contradictory with respect to the use of the $170 million.

The money will go to Raytheon for the "elaboration of projects and complementary services of integration and goods and services in Brazil and the United States."

The contract says, however, that the first two tasks should be carried out by the integrator company.

The commercial agreement is clear when establishing that Raytheon will control the budget with the sole obligation of using half of the money in Brazil.

The Aeronautics Ministry contracted ESCA employees to take over the function of the integrator company after ESCA's elimination. However, the funds to contract those experts will come from the Ministry's budget, not from the appropriation for the Sivam project.

Raytheon will also participate in developing the software. According to the original project, this task should be carried out by a Brazilian company for reasons of national security.

The contract says the integrator company should provide the "strategic software," but also makes it clear that Raytheon will provide and develop "the entire set of computer programs."

Finally, Raytheon will send didactic material to train people in Brazil in order to operate programs developed in the United States.

Mercedes-Benz Wants 'Slice' of Action

PY1407221695 Sao Paulo FOLHA DE SAO PAULO in Portuguese 11 Jul 95 Section 1 p 9

[Report by Lucas Figueiredo from the Brasilia Bureau]

[FBIS Translated Text] Germany has joined the squabble over the control of confidential information that Sivam (Amazon Region Surveillance System) will supply.

The German Government has offered to loan Brazil $131 million if the Mercedes-Benz Group gets a slice of the action. The proposal includes supplying services in the national security sector.

Daimler-Benz Aerospace conveyed the offer of the Mercedes-Benz group to Senator Eduardo Suplicy (PT-SP) [Workers Party-Sao Paulo State] in a letter dated 25 May. The German firm chose Senator Suplicy as the go-between to deal with the Brazilian Government.

The Sivam project, budgeted at $1.4 billion, is a land and air surveillance system for the Amazon Region. It will use radars and satellites for this purpose.

"We are ready to help a Brazilian company develop its technical abilities to become the best systems integration company in Brazil," the letter of the German company stated.

For the sake of national security, the Sivam project provides that the task of systems integration wanted by the Germans be entrusted to a Brazilian company. Systems integration implies developing computer programs and managing and storing confidential information.

ESCA [Automation and Control Systems Engineering], the Brazilian company that the government had selected to handle systems integration, has been left out of the project over charges of having defrauded the Social Security System.

The government felt that ESCA was the only Brazilian company that could do the job. After ESCA was left out of the project the Ministry of Aeronautics hired ESCA employees and officially took over systems integration.

The Germans subtly hinted at the gap that ESCA's departure had left in the project. "We want to officially convey our interest in cooperating in this project, and we will clear away any obstacles that could hinder the initial steps of the process," the letter stated.

FOLHA DE SAO PAULO reported on 10 July that the Brazilian Government will give the U.S. company

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Raytheon all the funds budgeted for systems integration, according to the contract signed on 27 May.

The German firm is very much aware of Raytheon's influence in the project. "We have very good commercial and technical relations with Raytheon," the letter stated.

FOLHA DE SAO PAULO got in touch with Strategic Affairs Secretary Ronaldo Sardenberg and with the government house press office at 1730 and 1800 respectively on 10 July, but by last night the administration had not answered.

Administration Minister Interviewed on Reform

95SM0419A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Jun 95 p A5

[Interview with Minister of Administration and Reform of the State Luiz Carlos Bresser Pereira by "A.M.T." and "R.R."; place and date not given; first paragraph is introduction]

[FBIS Translated Text] The draft constitutional amendment on administrative reform, to be sent to Congress in early August, is undergoing a final touchup and is now in its seventh version since the beginning of this year when Minister of Administration and Reform of the State Luiz Carlos Bresser Pereira began selling the idea to the public. Today, amid a marathon of meetings, phone calls, and personal conversations with civic organizations, ministers, governors, mayors, and legislators, Bresser Pereira is optimistic. He thinks the plan as pedantically presented on 11 pages will pass muster among deputies and senators—a confidence expressed in the certainty that the conflict in Congress will not be about ideological or corporatist issues, but a clash between the older and younger generations. "And the young are in the majority in this legislature," the minister pointed out. "A bureaucratic conspiracy of secrecy and silence between legislators and the government employees' lobby, such as we saw in 1988, will no longer be possible." Furthermore, as incredible as it may seem, Bresser Pereira believes the civil service will ultimately go along with the proposal for change, as he shows in this interview with O ESTADO. "We want efficiency in public administration, and that is of special interest to the government employee."

[O ESTADO] President Fernando Henrique Cardoso thinks the administrative reform is the most important of all the proposals in the second stage of changes in the Constitution. What is the government hoping to achieve, and how is it preparing to deal with opposition from the civil servants?

[Bresser Pereira] The objective of the reform is to allow the federal, state, and municipal public administrations to become more efficient. In other words, to serve the public better, at lower cost. With the help of the civil service or without it, we are going to have to change that.

[O ESTADO] To get efficiency we will have to abolish tenure?

[Bresser Pereira] We do a terrible job in the services area and it is vital to have a managerial administration, not a bureaucratic one. During the 1988 Constituent Assembly, we took a drastic step backward in terms of the bureaucracy. The state was put into a straitjacket, and all the services that had been decentralized and administered according to managerial principles were bureaucratized all over again via the consolidated legal regime and the rigid tenure rules.

[O ESTADO] So the intent is to go back to the past?

[Bresser Pereira] The objective is to recover, and take a step forward in decentralization of services so we can have a managerial administration.

[O ESTADO] Who are the ones who should fear this reform?

[Bresser Pereira] No one, except the inefficient and incompetent public servants. The people at the upper levels of public administration are competent and will support these reforms, as the governors, mayors, and general public do.

[O ESTADO] Is it possible to win the support of the government employee?

[Bresser Pereira] Corporatism kicks in at the lower levels. Of course you also find groups at the upper echelons that try to protect certain special interests, but not the system as a whole. We regressed in 1988 because of a bureaucratic conspiracy of silence and secrecy. The big debate at the time centered on social problems, the economic order, the political system...but no discussions about public administration. There was a mega-agreement to keep quiet about that. Some important deputies on both the right and the left, influenced by a strong civil service lobby, saw to it that the thing slipped by. That agreement by both right and left was possible because the left often confuses itself with the bureaucracy—a mistake, because it should confuse itself with the defense of social justice—and the right was very worried about controlling the state enterprises—because at that time, there was no chance of privatization.

[O ESTADO] Have the left and right changed that much?

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[Bresser Pereira] There has been an important change, yes, because the subject of public administration has found its way onto this country's agenda; it is in the newspapers, people talk about it, and that has never happened before. That is why Congress will make its decision based on what the public thinks. A bureaucratic conspiracy of secrecy and silence will no longer be possible.

[O ESTADO] Is support by governors and mayors assured?

[Bresser Pereira] Governors and mayors know from personal experience how much the consolidated legal regime and the tenure rules cost. That is why the first expressions of support came from them and they are still strong. They helped us draft the amendment. And they are monitoring the process.

[O ESTADO] Government jobs are practically an election currency....

[Bresser Pereira] No, they are not. One good thing that came out of the 1988 Constitution is that people must enter the civil service by competitive examination. And that will be retained. We are just going to make it a little more flexible by permitting either competition or some public selection process. Competitive entry is tied to the idea of tenure. The selection process is simpler and does not guarantee tenure.

[O ESTADO] Why is the administrative reform so vital to the administration right now?

[Bresser Pereira] When President Fernando Henrique said it is important to do it now, it was because it is ready, whereas the tax reform might take a little longer to prepare. To ensure the success of the Real Plan, we need to restrict public spending as much as possible. We will not achieve dramatic savings in the federal administration through reform, but we will prevent expenses from rising.

[O ESTADO] How will the state attract and keep good professionals? Will it continue to pay poorly?

[Bresser Pereira] It is not strictly true that the government pays poorly. In 1992, the purchasing power of salaries was brutally depreciated, but salaries were doubled between 1992 and 1995. The payroll practically doubled during this period. There are still some high-level career positions that still pay low salaries. But the middle-level ones are very well paid.

[O ESTADO] What immediate effect would passage of the reform proposal have on public administration?

[Bresser Pereira] Not much. The Brazilian system of public administration is all set down in laws. When the law changes, then things can happen. The current law is restrictive. The change from a bureaucratic plan to a managerial one will occur slowly, day by day. But some things can be done right away. For example: one striking aspect of Brazilian public administration is that the budget is very detailed, and there are no clear measures of performance. So we will be able to define measures of performance right away, and publish them.

[O ESTADO] What things will require passage of complementary law?

[Bresser Pereira] The careers that are considered exclusive to government will need to be defined: prosecutors, military personnel, diplomats, revenue agents, police chiefs, etc. Complementary law will have to list those positions. People holding those jobs cannot be dismissed as part of a reduction in force or on the grounds of performance—only for misconduct. But they can be placed in reserve status and receive salaries proportional to length of service. There will also have to be a determination by decree or some other measure to allow the semi-autonomous agencies to hire people under the CLT [Consolidated Labor Laws], for example. The consolidated legal regime law will have to be changed.

[O ESTADO] How much time will it take, once the law is passed, to move from a bureaucratic system of public administration to a managerial one?

[Bresser Pereira] Several years. Ten years would be a good figure, but I believe it might take a little less than that.

[O ESTADO] How can the new law be of help in the four years of the Fernando Henrique administration?

[Bresser Pereira] It can mean the beginning of a much better equipped state. What we need is persistence and patience. We need to forge alliances with the public, the ministers, the upper levels of the bureaucracy. We have to have the support of Congress. All this requires time, a lot of talking, a lot of debate. Reforming the Brazilian state will take a lot of talking. We have to change the Constitution, the laws and administrative practice, the culture.

[O ESTADO] In what areas have you found the greatest resistance to change?

[Bresser Pereira] A lot of work has to be done within Congress itself. There the problem will not be the ideological segment: there will be people on the left supporting the ideas and people on the right opposing them. The criterion, some say, will be of a self-interest/corporatist nature. Other people are telling us that the clash will be between the newcomers and the veterans. The older members will tend to cling to the old ideas of a bureaucratic administration, and the younger ones will

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be more willing to accept change. I found that analysis very interesting. And since the legislature is made up of an enormous number of young people, I have become more optimistic. (Laughter)

[Box p A5]

Changes in the Bureaucracy

Following are the main points in the proposal from the Ministry of Federal Administration:

Salaries: No one in the public sector will be able to earn more than the president of the Republic. If approved, it will be many years before this provision takes effect because the rights of those already earning above that ceiling will be respected. The consolidated legal regime applicable to government employees and the requirement for equivalent salaries for similar functions in all three branches of government will end. Every government agency will have its own personnel chart.

Tenure: Only employees hired by competitive examination will have tenure, after five years in the position. Currently, civil servants gain tenure after two years. The administration's plan is to hire most employees through simplified selection procedures that do not entitle the employee to tenure. Civil servants will be able to lose their jobs due to "inadequate performance" or when personnel cuts must be made. Those dismissed will receive indemnification. Rights of current employees will be preserved.

Competitive Examination: Public selection procedures, a type of simplified competitive entry system, will be created. The idea is to use them to hire people who will not be entitled to tenure. The plan also deletes from the Constitution the requirement that teachers be hired by competitive means.

Strikes: The right of government employees to strike, to be regulated by law, is maintained but there is a ban on paralyzation of essential services and activities that are the exclusive province of the state, such as police, the courts, the Armed Forces, and the diplomatic service.

Public Participation: Ways will be created to ensure citizen participation in government. People will be able to file complaints, monitor proceedings, gain access to public files and records, and report instances of "negligent, insufficient, or abusive exercise" of government functions.

Government Exempts Argentina From Car Import Quota

PY1207180095 Sao Paulo AGENCIA ESTADO in Portuguese 1639 GMT 12 Jul 95

[FBIS Translated Text] Brasilia, 12 Jul (AE) — The Brazilian Government has decided not to impose limits to imports of Argentine vehicles. Industry and Commerce Minister Dorothea Werneck has just made the announcement after meeting with Argentine Foreign Minister Guido Di Tella. According to Werneck, the overall limit established in the provisional measure stands at 448,764 cars, and this amount would suffice to absorb all of the cars that Brazil is expected to import from Argentina. The Argentines are hoping to export 70,000 vehicles to Brazil this year.

The Argentine and Brazilian governments have just issued a joint statement about the negotiations on the car import quota issue. The following is the text of the statement:

"The two governments hereby state that auto trade within the Common Market of the South [Mercosur] will continue to conform to the criteria governing the customs union. The Brazilian Government considers that its provisional measure regulating the auto trade in Brazil does not affect the customs union criteria. The two governments have decided to continue with their mutual contacts and consultations during the second half of the 1995 to study the characteristics of the future automotive regime for Mercosur, and to establish technical guidelines that would facilitate the transition of the auto sector within the customs union framework with the objective of paving the way for the incorporation of advanced international technology."

Ecuador

Congress President Heinz Moeller on Talks With Peru

PA1407164295 Quito Voz de los Andes in Spanish 2300 GMT 13 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Negotiations between Ecuador and Peru to define a demilitarized zone on their joint Amazon border, site of a military conflict early this year, might be resumed in 20 or 30 days, according to Ecuadoran Congress President Heinz Moeller.

Heinz Moeller said the greetings Ecuadoran President Sixto Duran-Ballen and Peruvian President Alberto Fujimori recently exchanged in Buenos Aires undoubtedly lead us to accurately think that perhaps the talks will

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be resumed in the next 20 or 30 days, hopefully earlier than that, in Brazil to outline the demilitarized zone.

The two presidents shook hands on various occasions when they met during reelected Argentine President Carlos Menem's inauguration ceremonies. The demilitarization of the border zone to make it free of troops is essential because, obviously, the more a military demobilization is affirmed, the less possibilities there are for incidents that might increase tension at the border zone.

Reportage on Labor Strikes

Workers Threaten To Suspend Services

PA1307133995 Quito Voz de los Andes in Spanish 2300 GMT 11 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Today, hundreds of garbage trucks and bulldozers are surrounding Congress and blocking the main access roads to Quito's Central Plaza, where the Carondelet presidential palace is located, hours before deputies are scheduled to begin debates on the constitutional reforms proposal. The vehicles and drivers are members of state institutions whose workers are demanding the right to unionize, the prohibition of privatization in strategic economic areas, and the freezing of prices and tariffs, issues to be debated by Congress.

Labor, employee, Indian, and peasants organizations have threatened to suspend basic services tomorrow if the deputies do not heed their demands. These organizations have never made such threats before, not even when they supported radical measures which did not include the interruption of oil production and electricity distribution services.

Energy Sector Workers Strike

PA1407151795 Quito Voz de los Andes in Spanish 1700 GMT 13 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Energy sector workers began an indefinite paralyzation of the electricity and oil industries — an unprecedented event in Ecuador's labor history — and expect other popular groups to eventually paralyze the entire country.

The reinstatement of the right to organize labor unions and decree strikes in state agencies, as well as the prohibition on privatizing so-called strategic economic areas — oil, telecommunications, and electricity, among others — are the main reasons for this forceful measure. None of the previous strikes decreed by workers, even the most radical ones, reached the extremes being threatened now; that is, suspending electricity and paralyzing the oil industry, whose exports generate one out of every three dollars of Ecuador's exports and finance half of the state budget.

The Energy and Mines Ministry reported that Ecuador's electricity sector workers have threatened to cut the electricity supply if the government militarizes the largest electric plant in Ecuador.

Workers in Paute said if public forces intervene, they will abandon the facilities without resistance but will paralyze the country's energy sector, Energy Minister Galo Abril said. The Paute Hydroelectric Plant supplies 70 percent of the country's electricity.

Here is Mariela Cevallos with a note from the Legislative Palace:

[Begin recording] [Cevallos, broadcast in progress] ...the constitutional reforms dealing with what are considered controversial issues, including social security and public sector workers' right to organize a labor union. Referring to this second issue, the legislature also conducted an in-depth analysis and, according to some deputies, there is a consensus to guarantee the right to organize a labor union in the public sector. Deputy Congress President Marco Proano Maya said: Parliament is doing its utmost to settle those controversial issues, and we can still come up with a final text on which we can achieve a majority vote that will allow us to reinstate those reforms. He said that if public workers' right to organize a labor union is established, it must have the appropriate rules and regulations.

[Marco Proano] The parliamentary process creates an opportunity to reconsider, and this will be reviewed today. Without indulging in naive optimism, we still believe we can come up with a final text which the Social Christian party will support so we can reach a constitutional majority that will allow us to approve the reform.

However, we are all quite convinced that if we reinstate the right to organize a labor union in the public sector, there must be limitations because the rights of the citizenry prevail over the labor unions' rights. What are those limits? Basic public services — health, electricity, telephones, fuel — cannot be paralyzed, because society relies on those services to a certain extent. Labor unions must accept the fact that society's rights prevail over the public sector labor unions' rights.

[Cevallos] A session was convoked for 1700, and legislators will have to seek a consensus to approve a solution that benefits public sector workers regarding

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the right to organize a labor union. Labor leader Roberto Proano said that as long as Congress does not provide a solution to Article 128 dealing with public workers' right to organize a labor union, they will maintain the indefinite strike.

He said: The energy and oil sector workers' strike is being conducted normally in all provinces. He added that electricity distribution has not been paralyzed and that an administrative strike began today. [end recording]

Officials Comment on Strikes

PA1407151895 Quito Voz de los Andes in Spanish 2300 GMT 13 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The Ecuadoran Government is facing a wave of labor strikes that threaten to paralyze the country because negotiations between Congress and the labor unions have failed abruptly. Oil sector workers reported on Wednesday that they will interrupt the production and distribution of fuel, and electricity sector unions have announced that they will suspend their activities as well.

Carlos Larreategui, secretary general of public administration, has asserted that the power sector's threat is the worst crisis to arise since the conflict with Peru because it will seriously endanger the country's oil production. The government has decided to finally face the threats made by union leaders of the public power sector, who for years have threatened to paralyze the country's activities until they received sinecures and benefits. Ecuador produces approximately 380,000 barrels of oil per day, approximately 226,000 of which it exports.

Energy and Mines Minister Galo Abril said the government will use the special powers granted by the state of emergency decreed when the conflict with Peru began early this year to order the Army to take over oil installations. The militarization of the oil fields already seems to have begun. Gabriel Moreta, secretary general of the Federation of Petroecuador Workers, has reported: We know that approximately 30 soldiers surrounded the Shushufindi installations on Wednesday. The Shushufindi oil field, approximately 280 km northeast of Quito, together with the Sacha and Lago Agrio fields, produce 70 percent of Ecuador's crude oil. Moreta said there have been no clashes between soldiers and field workers. We are not promoting a violent strike. Workers have simply stopped working and will not resume until they receive a new order, the leader stated. This strike will negatively affect most Ecuadoran industries as it threatens to interrupt electricity.

The union official asserted that the electricity sector had gone on an indefinite strike because the dialogue with Congress was broken. The workers threaten to paralyze the Paute hydroelectric plant, which generates more than 60 percent of the country's electricity. Likewise, the United Workers Front, the biggest labor union in Ecuador, the Confederation of Indian Nationalities, and student sectors have announced that they are supporting the strike and are organizing a number of protests.

The workers demand that the article on union freedom in the Constitution be reinstated. Recently Congress mistakenly repealed this article when it approved a constitutional reform bill presented by the executive. To avoid the strike, the legislators debated the controversial article on Wednesday evening but did not reach an agreement.

Another strike looms on the horizon if Congress does not reinstate Article 128 of the Constitution. The Confederation of Ecuadoran Workers, CTE, has given the Congress until tonight to reinstate the article. If not, they will join the indefinite strike, said CTE Secretary General Adolfo Nieto.

[Begin recording] [Nieto] If not, the central committee will meet and summon the leaders of our federations in the country to take a stand.

[Reporter] Will the measure have support?

[Nieto] The strength or lack of it does not depend on us. We do not even amount to 2 million Ecuadoreans versus the 11 million in the country. Ecuadoreans are the ones who have to understand, we all have to understand, that we cannot stand by and watch them violate ILO [International Labor Organization] agreements and the Constitution and destroy the labor law. [end recording]

CTE members back the electricity sector workers but will only go on strike if Congress does not decide to reinstate Article 128 on union freedom in the Constitution.

Oil Workers Suspend Strike

PA1507044495 Quito Voz de los Andes in Spanish 1700 GMT 14 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran oil workers decided to temporarily suspend the strike they began Wednesday night in order to create a climate for an agreement, Congress President Heinz Moeller announced today.

[Begin Moeller recording] They have decided to [words indistinct] open the possibility for a dialogue, and therefore have suspended the strike. This is the democratic

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condition that the Congress president has [word indistinct] demanded from labor leaders. In the next 72 hours, we will try once again to reach a formula by consensus to ensure respect for the rights of Ecuadoran citizens, of the Ecuadoran people. The rights and interests of the labor leaders representing the oil workers are very important and respectable, but more important than that are the rights of the Ecuadoran people. In that sense, they have offered to suspend the strike until Monday afternoon, when I have called a congressional session, during which Congress will definitely resolve, in a sovereign action, the problem regarding public unions. [end recording]

The oil workers confirmed the decision to suspend the strike adding they will wait until next week for Congress to reinstate Article 128 in the constitutional amendments concerning public unions.

Public Neutralizes Boycott on Fuels Transport

PA1707005995 Quito Voz de los Andes in Spanish 1230 GMT 16 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The public force has been able to neutralize the boycott on the transport of fuels, thus enabling their distribution to the country's gas stations. This action has ended the indefinite strike workers of the energy sector had staged. They have assured they are temporarily suspending the strike until 18 July, when Congress will reportedly discuss once more the constitutional guidelines restoring the right of the public sector to unionize. It was officially reported that normalcy returned to the entire country at noon on 15 July when all gas stations were attending the public and all the pipelines were operating normally.

Meanwhile, the government has stated it will maintain the state of surveillance in order to prevent a new halt in the distribution of oil byproducts, and the public force will continue to guard the oil and energy installations.

The workers' representatives met with the congress president until the early hours of 14 July, when the parliamentarian session ended and when they decided to suspend the strike. On the afternoon of 14 July, they went to the palace, where Government Minister Abraham Romero, Energy Minister Galo Abril, and Public Administration Secretary General Carlos Larreategui welcomed them. The leaders explained to the officials the reasons why they took that measure and the need to reinstate constitutional Article 128, which regulates public unions.

Coffee Exporter Leader Supports Withholding Plan

PA1307035295 Quito Voz de los Andes in Spanish 1700 GMT 12 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Quito — Ecuador supports the decision by the six major exporters of mild Arabian coffee to limit the supply of this product in order to recover its price at the international market, according to the Pablo Delgado, manager of the National Coffee Exporters Association [Asociacion Nacional de Exportadores de Cafe — Anecafe].

Delgado stated that Ecuador must act in solidarity with the decision made by the coffee producing countries, regarding the withholding plan to reinforce its international commitments.

Congressional Commission To Fight Corruption Formed

95SM0415A Guayaquil EL UNIVERSO in Spanish 12 Jun 95 p 12

[Article: "Commission Against Corruption is Formed"]

[FBIS Translated Text] Quito. The first commission of Congress has started work, which will be responsible for revising and putting into place legislation against corruption and illegal enrichment. At the moment, it is preparing a plan that seeks to determine the magnitude, kinds, vulnerabilities, and ways of preventing, discovering and punishing corrupt acts.

The national program will be launched on 6 July.

The legislative commission is made up of deputies Raul Baca, Marcelo Dotti, Gustavo Larrea, Rodrigo Suarez, and Tito Nilton Mendoza.

The areas most vulnerable to corruption are: the judicial system, the tax system, the administrative system, and the political oversight system—because public officials are often induced by improper offers, such as bribes, to violate their responsibilities; this has become one of the greatest obstacles to national development, according to the commission's preliminary report.

In general terms, corruption is described as an act against the public interest and the common welfare, which violates judicial order and damages the fundamental values of society.

Corruption is a problem of the state and of society in general, and affects the efficiency, legitimacy, and credibility of the administrative apparatus and the democratic system in its totality.

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In the political sphere, corruption is violence practised directly against the state and against the members of the community who are not involved in the corrupting process; it delegitimizes public institutions, depriving them of credibility and trust in the eyes of the community; it distorts the political culture and destroys ethical values that must be present in political processes, basically those bearing on acquiring power in government.

According to its president, Raul Baca Carbo, the commission will approve the anticorruption proposal prepared by the Comptroller General's Office, which studies corruption in the public sector and formulates recommendations on the inclusion of crimes that are not contemplated in the Criminal Code.

Largest, Most Profitable Companies Outlined

95SM0415B Quito EL COMERCIO in Spanish
14 Jun 95 p B1

[Article: "Who's Who in the Market"]

[FBIS Translated Text] Four weeks ago, the Superintendency of Corporations published the list of the thousand largest firms in the country, classified by assets and income.

The efforts of those researchers is complemented today by an important study by the magazine GESTION, which contributes new information about one of the most difficult subjects to deal with in this country: details about the most important firms that are operating in the market.

The information here summarized is based on the general balance sheets and on the profit and loss statements of the firms as of 31 December 1994.

Banking: Filanbanco, the Biggest; Continental, the Most Profitable

In December 1994, Filanbanco, of the Isaias group, took its place as the largest bank in Ecuador, based on its assets of 2.14 trillion sucres.

It overtook the Banco del Pacifico (1993), following the purchase of the Banco de los Andes. The Banco del Pacifico, however, maintains its leadership as far as net worth is concerned, 248.6 billion sucres. Classified by profits, the leading bank was the Continental, of the Ortega group, with more than 59 billion sucres, followed by the Pichincha, 40.4 billion sucres. The rise of Continental is a result of its absorption of its subsidiaries, Financonti and Contileasing, which increased its assets, net worth, and profits.

Corporations: La Favorita on Top, Followed by La Cemento

With sales of 500 billion sucres in 1994, Supermercados La Favorita is the biggest corporation in the country. Its solidity is confirmed by its second-place standing in net worth, exceeded only by La Cemento Nacional, with a book value of 209.5 billion sucres.

Sales of the 20 largest industrial, commercial, and services enterprises represented 9.19 percent of GDP in 1994. The largest company in this group was Cervezas Nacionales, whose profitability (68.67 percent) was second after Proesa (71.43 percent). What determined its place on this list was its profit margin (35 percent) and its low leveraging (1.51 multiplier). The banana exporters had a bad year: their profits and earnings fell.

Taxes: Cervezas Nacionales Maintains the Lead

The list of nonfinancial companies that pay the most taxes — including income tax, value-added tax and the special consumption tax — is led, by far, by Cervezas Nacionales, followed by La Cemento Nacional.

According to recent reports from the Finance Ministry, the thousand largest taxpayers in Ecuador paid 62 percent of all taxes in 1994.

This proves the importance to the state of major taxpayers: Yesterday, the government created a special department, not just to oversee tax collections, but to make paying taxes easier for the three thousand most important taxpayers.

Financial Companies: Diners Establishes Itself in the Market

The issuer of Diners credit cards, despite holding second place in possession of assets in 1994, established itself as the first place nonbanking financial institution of Ecuador. In 1994, Diners' assets were 172 billion sucres (exceeded only by Finagro, which registered 198.6 billion sucres), but its profits were 10.6 billion sucres (three times those of Finagro.) These and other measures of performance ranked Diners as the most solid and efficient firm in the sector. In second place was Proinco, which earned 30.36 percent profits on net worth. The most progress was made by Cash, which leaped from sixth to fourth place.

Management Companies: Transfiec, the Biggest; BG, the Most Profitable

Transfiec, part of the Grupo Popular, takes the prize for the amount of assets administered during the past year: 102.8 billion sucres in 1994. However, in profitability and in its performance in general, Transfiec achieved

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only fourth place. First place in profitablity belonged to the management firm BG, with 18.46 percent profitability on assets and 21.62 percent on net worth. The most efficient management company was Filanfondos, second in size after Transfiec and with a large volume of assets, consisting of short-term investments. According to the ratings of GESTION, the most dependable manager of funds was Adpacific.

Paraguay

Spokesman Says President Ill, To Return to Work 17 Jul

PY1307191595 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 1600 GMT 13 Jul 95

[FBIS Translated Text] Presidential spokesman Guillermo Yaluk reported this morning that President Juan Carlos Wasmosy has not worked in his office at Government Palace since yesterday because he is suffering from a non-threatening ailment that will require him to rest until next Monday [17 July], when he will resume his normal activities.

The president is sick, although not seriously, and is resting at the Mburuvicha Roga presidential residence, presidential spokesman Guillermo Yaluk said:

[Begin recording] The Presidency of the Republic Public Relations Office reports to the population that His Excellency, President Juan Carlos Wasmosy, will not come to his office until Monday, 17 July.

His personal doctor, Gilberto Chaparro Avente, ordered him to rest until that date. The doctor reported that the president is suffering from an acute respiratory disorder that is accompanied by fever. The doctor made clear that the president's condition is not serious, adding that this forced rest will permit the president to recover fully in order to promptly return to his office to attend to the delicate matters that are brought to his attention as head of the Paraguayan nation.

This information is being relayed to inform the public and make people aware with regard to all the president's activities, as a person as well as a public servant. [end recording]

Senate Extends U.S. Air Monitoring Permission for One Year

PY1407234295 Asuncion ABC COLOR in Spanish 14 Jul 95 p 3

[FBIS Translated Excerpt] By a large majority, the Senate has extended for one year the authorization for U.S. planes to carry out air monitoring operations for drug enforcement purposes. Last year the upper chamber had authorized the mounting of this operation, but in view of the interest shown by the United States in detecting with precision the possible routes used in Paraguay and Bolivia, and possibly Peru, for the illegal drug trade, the authorization was extended for one year.

In compliance with the provisions of Article 224, paragraph 5 of the Constitution, the executive branch has remitted to the Senate a request filed by the U.S. Government to extend permission to undertake air monitoring operations for drug enforcement purposes.

These operations, which will be carried out over a twelve-month period, will be executed once a month and will last for from four to eight days each. Their objective is to detect through air monitoring possible routes used for the illegal drug trade through Paraguay, Bolivia, and possibly Peru.

These operations will be pursued under the same conditions authorized by the Senate last year, using E-3, P-3, and C-130 AWACS planes as well as tanker planes. Before launching each operation, the U.S. Embassy in Asuncion will brief civilian and military authorities on relevant details of the mission, including the number of persons and the aircraft participating in the operation.

The conditions for granting authorization to the U.S. planes also contemplate that the data gathered by the aircraft on Paraguay will be made available to our country at no cost. [passage omitted]

Foreign Minister Interviewed on Mercosur

PY1407184595 Asuncion ULTIMA HORA in Spanish 12 Jul 95 p 9

[Report on "exclusive" ULTIMA HORA interview with Paraguayan Foreign Minister Luis Maria Ramierez Boettner by Andres Dario Cardozo Hohn, held after Boettner "returned on 11 July from Buenos Aires"]

[FBIS Translated Text] On the one hand, Argentina uses the discourse of friendship, and on the other it attacks the spirit of Mercosur [Common Market of the South], Foreign Minister Luis Maria Ramirez Boettner stressed, when referring to the Argentine Government's decision to apply a levy of $50 per day against Paraguayan and foreign tourists who wish to enter the neighboring country.

In an exclusive interview with ULTIMA HORA, the foreign minister stated that our country will not tolerate neither these games nor Argentina's duplicity. The following are his remarks after he returned on 11 July from Buenos Aires, where he participated in the inauguration ceremony of President Carlos Saul Menem:

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"This question of asking for $50 per day from our fellow countrymen who enter Argentina seems to me to be completely out of step with the spirit of Mercosur, and one has to believe that this is a measure that could last for a long time. It has been suspended for 10 days in order to negotiate, and we are not going to accept a policy that includes friendship and yet also such notable obstacles. We accept the fact that those who go to Argentina must have a work contract, and of course accept the fact that countries have the full right to refuse tourists who want to remain in the country. But, I believe that to impose a daily stipend is in contradiction to the policy of friendship within Mercosur and within the framework of the friendship between the countries of the Southern Cone."

[Cardozo] Have you personally told [Argentine] Foreign Minister Guido Di Tella that Paraguay does not agree with that kind of duplicity?

[Ramirez] We have spoken about the problem. And yesterday (10 July) we spoke about the fact that the spirit of Mercosur must be much more expansive if we want to achieve a common market, which means the movement of people and capital within the framework of a treaty. If we are going to begin a treaty with these obstacles, now that we are in the stage of creating a customs union, then we believe that there is a lack of compatibility.

[Cardozo] In view of this problem and others that we have with Argentina on our mutual borders, would it not be advisable to review our relations with that country?

[Ramirez] Look, it is not a question of reviewing relations. We are dealing with relations every day. It is not a question of making a review. That is absurd. But yes, every day we take a look at the relations.

[Cardozo] If there is a real political will, as the Argentines say, then these hapless events should not occur.

[Ramirez] Of course not. That is why we are talking. But, this does not mean that relations are going to be reviewed. I understand that review means a profound change in relations, and this is not possible. First, we are partners in Mercosur, we work together in the river highway project, and we are seeking a better understanding. This is the way we are defining matters. [end Ramirez remarks]

Chilean President Eduardo Frei will officially visit our country on 6 August. He will participate in the Mercosur presidential summit that will be held in Asuncion on 5 August, and he will then begin his first visit to Paraguay since he assumed the Chilean presidency. Ramirez Boettner further indicated that Bolivian President Gonzalo Sanchez de Lozada will also participate in this Mercosur summit. The two presidents have been invited to the summit as observers.

[Cardozo] What is your opinion with regard to the period of time that Paraguay was pro tempore president of Mercosur?

[Ramirez] Paraguay's presidency has been very positive. The Common External Tariff was the first thing that was implemented. It was a decisive step for the consolidation of Mercosur. Paraguay also participated as coordinator of the Mercosur position regarding the continuation of the Miami hemispheric summit negotiations. Therefore, we took a common Mercosur position to Denver, and it was Paraguay that expounded Mercosur's position and achievements.

And finally, we have the negotiations with the EU, wherein Paraguay's participation was decisive in order to arrive at an understanding, and make it possible for the EU Commission to receive a negotiating mandate from the EU Council.

[Cardozo] How close are Chile and Bolivia to Mercosur?

[Ramirez] They have different positions. I believe that the two countries are close to an understanding with Mercosur. Chile's tariffs are lower than those of Mercosur, and this means that it will have to increase them. Bolivia is a member of the Andean Group, and this group's treaty is not compatible with the Treaty of Asuncion. Therefore, we are looking into the possibility of reaching some kind of agreement.

[Cardozo] After the first round of negotiations that was held on 5 July, engineer Francisco Gomide, the Brazilian director of the Itaipu Binational Enterprise, told the Paraguayan media that "it is still too early" to speak about full and equal co-management of the binational enterprise.

[Ramirez] No, no. You did not understand properly. Engineer Gomide did not say that it was not adequate, or that it was not the time....

[Cardozo] Well, how did you interpret his words?

[Ramirez] What he wanted to say was that there is no real problem at the level on which we are seeking co-management.

[Cardozo] When will you meet again?

[Ramirez] We are now going to listen to Brazil's opinion. We have already submitted our position with a very well-studied project (Annex "A") that even has the approval of the advisory group, which includes

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congressmen from all the political parties. In other words, it is a national document. Now we are waiting for Brazil's reaction, and to see what difficulties may arise.

The next meeting will be held on 10 August in Brazil and it has not yet been determined whether it will be held in Rio de Janeiro, Brasilia, or Curitiba. The meeting had been set for 8 August, but it was postponed due to the visit of Chilean President Eduardo Frei.

[Cardozo] What was the outcome of the negotiations regarding the concession of Yacyreta Binational Enterprise?

[Ramirez] We have not discussed Yacyreta. The national team will meet tomorrow (12 July).

[Cardozo] President [Juan Carlos] Wasmosy stated to the media in Buenos Aires that there is the beginning of an agreement regarding the concession of Yacyreta.

[Ramirez] Yes, that is true. It is difficult to say whether we are 70 or 80 percent in agreement. But, there are other points that the Paraguayan delegation is now discussing.

Congress Asks Wasmosy To Penalize Oviedo for Violating Law

PY1407021495 Asuncion ULTIMA HORA in Spanish 13 Jul 95 p 7

[FBIS Translated Text] [Army Commander] General Lino Cesar Oviedo's constant violations of the Constitution and domestic laws have once again monopolized the attention of Congress. During the morning session of both the Senate and the Chamber of Deputies, congressmen harshly criticized the controversial Army commander, as well as President Juan Carlos Wasmosy for not disciplining him.

What triggered the lawmakers' reactions this time were Gen. Oviedo's remarks about the budget law. Marcelo Duarte, deputy for the National Encounter Alliance, recalled that "members of the Armed Forces in active service are banned from engaging in any political activity. Moreover, no citizen is allowed to advocate disobedience to the law. Now, the budget is a law, and nobody is empowered to preach defiance of the law."

Gen. Oviedo had said that military officers on active duty would neither accept nor consent to a wage hike only for Armed Forces members on active service.

Duarte pointed out: "We are saying from this floor, for the umpteenth time, that the remarks made by Gen. Oviedo can only be construed as political speech. This time, however, his remarks have an added aggravation — he is warning us that the military are not prepared to observe the Budget Law in what pertains to the Armed Forces item."

He moreover stated that his party will also prove that the Army also violated the Budget Law to build the "parade bowl [desfilodromo]." "This Congress cannot permit such contempt for the law. We expect that the Armed Forces commander in chief, President Wasmosy, will become aware of the fact that one of his main commanders is constantly violating the law, and we urge the president to penalize Gen. Oviedo."

At the Senate's plenary meeting, the criticism of Gen. Oviedo and Wasmosy was no less scathing. The only difference was that in the upper chamber it was a ruling party senator who began to heap criticism on the president and the officer in question. Senator Gonzalo Quintana of the Authentic Radical Liberal Party demanded that the Senate issue a resolution on this issue.

Peru

Fujimori Administration Receives 74 Percent Approval Rating

PY1407001095 Lima EXPRESO in Spanish 3 Jul 95 p A4

[FBIS Translated Text] According to the latest DATUM poll, 74 percent of the people of Lima approve of President Alberto Fujimori's administration, two weeks after the promulgation of the Amnesty Law, while 15 percent disapprove and 11 percent either do not know or gave no answer.

Of those consulted, 22.2 percent approve of the Amnesty Law, while 70 percent of those in the capital reject it.

Concerning their reasons for approving of Fujimori's administration, 19.9 percent answered it is because he supports education; 16.9 percent because he ended terrorism; 15.1 percent for reducing inflation; 13.4 percent because of the good projects he has carried out; and 11.1 percent because of his government policies.

Concerning what problems those polled thought needed to be resolved immediately, 34 percent pointed out the creation of more jobs.

In addition, the poll released by the program "Contrapunto" revealed that 50.1 percent of those consulted support current Miraflores Mayor Alberto Andrade Carmona as candidate for mayor of Lima, while 25.4 percent support Congress President Jaime Yoshiyama (Change-90 New Majority), though he has not yet confirmed his candidacy. Some 3.1 percent support engineer Juan Inchaustegui (Popular Action).

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Ecuadoran Demilitarization Stance Examined

PY1507003695 Lima EL COMERCIO in Spanish 28 Jun 95 p A2

[Editorial: "Why is Ecuador Determined To Thwart the Border Demilitarization?"]

[FBIS Translated Text] Following the so-called Itamaraty Peace Declaration signed on 17 February, Peru and Ecuador, with the help of the guarantor countries, have started bilateral efforts to ease the tension. This process up to now has included the following steps: a cease-fire in the Upper Cenepa, the demobilization of troops; and, currently, an attempt to establish the demilitarized zone, which is the step prior to the only thing that would solve all controversy — the final demarcation (and not delimitation) of a small border zone.

Last month, with the authority vested in them by the 1942 Protocol, the guarantor countries made a proposal for the demilitarization, which was initially secret.

Contrary to common practice, customs, and international law, Ecuador publicly rejected the proposal on 29 May, stating that it was "unfair" because, according to statements by the ineffable president of the Ecuadoran Congress, Heinz Moeller, "it includes a zone where no fighting was registered." Moreover Moeller, obviously mistaken, also said that "we do not consider equitable a plan (for the demilitarization) of a zone that, whether we like it or not, will be the grounds for the eventual establishment of borders."

Consequently, the Ecuadoran Government made a counterproposal, the scope of which is still not quite clear, seeking the establishment of a demilitarized zone much smaller than the one proposed by the guarantor countries.

In sum, what has been established is that this counterproposal does not include the Coangos, Teniente Ortiz, Base Norte, and Banderas military detachments within the demilitarized zone. The Ecuadoran defense minister, retired General Jose Gallardo, maintains that those positions are not negotiable.

In the meantime, right from the beginning Peru stated officially that it had accepted the proposal for the demilitarized zone made by the four guarantor countries, Argentina, Brazil, Chile, and the United States. What is more, President Alberto Fujimori made it a point to say that the zone to be demilitarized "is balanced, equitable, and guarantees peace. It is a standardized zone with geographical coordinates at four corners, a square that ensures the balance of forces in the zone."

Following the normal procedures of diplomacy and consultation, in view of this difference of opinion the guarantor countries summoned a meeting of high-ranking officials of these countries, Peru, and Ecuador between 22 and 26 June. In sum, the purpose of the meeting was to carry out consultations and broadly assess the peace-seeking process, examining the subjects mentioned in the Declaration of the Guarantor Countries of 19 May.

Among other subjects, the representatives discussed during the meeting a new organization of the mission of observers, the zone to be demilitarized, the exchange of prisoners, the clearing of mines, the normalization of border trade, and the resumption of direct dialogue between the parties.

Surprisingly, however, the meeting being held in Brasilia was suspended at 1600 on 26 June in order to allow the Peruvian and Ecuadoran representatives to travel to their respective countries to carry out consultations.

Due to the secrecy surrounding these kinds of meetings, there is no information on what sort of consultations might be under way. However, "the small geographical changes" to the proposal of the guarantor countries must be assessed carefully, because Peru cannot by any means accept any variation from the document signed in 1942.

But in view of the fact that the coordinator general of the Ecuador-Peru Military Observers Mission (MOMEP) and of the chief of staff was in Brasilia, and that the zone to be demilitarized continues to the core of the process of relaxing the tensions, some purely technical comments should be made.

In the first place, it is absurd that Ecuador should regard the guarantor's proposal to be unfair. The military posts of Coangos, Teniente Ortiz, and Banderas, among others, must indeed be included in the demilitarized zone. The reason is quite clear: These points in truth should have always been only watch points and areas with minimum patrolling, because they are right beside the borderline. However, as was proven during the military actions, these posts were fortified and even turned into sophisticated logistical support centers, and even into missile attack posts, from which the invader forces had great capability to enter Peruvian territory.

In the second place, Peruvian Watch Post One (PV1) is located at a site that is disadvantageous and remote — due to the rugged terrain — from the demarcation line. Therefore, the Ecuadoran attempt to "not yield" during the negotiations may imply two things: a) that the demilitarized zone should be established solely in territory that is without any doubt of Peruvian sovereignty, and thus lacking any purpose in acting as a "shock absorber" for possible future military

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actions; and, b) a preservation of Ecuador's geostrategic advantage, because if its forces occupy a higher zone at the Cenepa headwaters they could again use the lower zone of Peruvian territory adjacent to the Condor Mountain Range as a sort of indefensible target range.

For the time being, Peruvian Deputy Foreign Minister Eduardo Ponce, in a public statement published last night, said among other things that "the Peruvian Foreign Ministry fully agrees with the guarantor countries in demanding the 'complete fulfillment of the decisions agreed upon throughout the peace-seeking process' in order to be able to continue responsibly exercising the juridical commitments they share, according to the Rio de Janeiro Protocol. He added that the guarantor countries are fully aware that Peru has meticulously fulfilled all of the commitments assumed with the MOMEP, within the framework of the Itamaraty Peace Declaration, the future progress of which is subject to the materialization of the demilitarized zone recommended by the MOMEP, which has been accepted by Peru." [quotation marks as published] Ecuador is therefore solely responsible if the technical negotiations of the guarantors should are thwarted, and for the consequences of what may happen.

Until now Peru has proven, even to an exaggerated extent, its peaceful will. International law and legal and historical reasons back us, and we cannot tolerate further delays, especially if influential people in the Ecuadoran military strategy once again insist on trying to lead the case to an unacceptable mediation, or bring it before inappropriate forums such as the United Nations and the Organization of American States.

We endorse and respect the efforts of the guarantor countries, whom we once again ask not to slacken their efforts to find a definitive formula that will lead to the only possible solution: the final demarcation of the Peruvian-Ecuadoran border. However, if the Ecuadoran Government wants to exhaust the guarantor countries' patience with declarations such as the one just made by legislator Moeller about a "new critical phase," the defense of Peruvian sovereignty will take new paths. And one of these paths may, at last, be the militarization of our fatherland's historical and legitimate border.

Correction — Argentine Daily Interviews Fujimori

PY1307205095

The following correction pertains to the item headlined "Fujimori Comments for Argentine Paper on Various Issues" published in the 9 July edition of the Latin America DAILY REPORT, pages 24-26:

Page 24, second column, paragraph six, last sentence reads: ....is also corruption linked to drug trafficking, but not to the extent that could be imagined given the large amount of money involved. [new graf]

[Margulis] Of course, Peru...(providing variant translation)

Page 25, first column, paragraph two, sentence two reads: ....is limited. Peruvian exporters are not as competitive as they should be. The situation, however, is much worse in other countries. Luckily, in Peru,.... (providing variant translation)

Page 25, column two, paragraph four, sentence two reads: ....there are many things in common. The people now.... (providing variant translation)

Page 26, column one, paragraph three, first sentence reads: ....personally went to the office of the police commander to tell them how the presentation.... (providing alternate translation)

Same page, same column, last paragraph, sentence two reads: ....can be criticized. I would not criticize myself for the 5 April events [self-inflicted coup]. I would not.... (adding dropped sentence).

Uruguay

Government Deems Denver Summit Results 'Satisfactory'

PY1307005995 Montevideo EL OBSERVADOR in Spanish 5 Jul 95 p 10

[FBIS Translated Text] The Uruguayan Government considers the results of the recent ministers' summit in Denver to be satisfactory. The summit gave the green light to the creation of a continental free trade zone.

Guillermo Valles, Foreign Ministry economic affairs director, and Foreign Minister Alvaro Ramos were members of the Uruguayan delegation that participated in the meeting. Valles told EL OBSERVADOR that the final declaration reflects all the countries' commitment to deregulate trade in the region.

Valles said the declaration was "balanced" because it contemplated all the participants' concerns. Valles added that the ministers' meeting confirmed the Miami presidential summit political goal of having a free trade zone in place by the year 2005.

According to the approved action plan, the 34 countries will next year enter a stage of "more specific negotiations" during which they must define how they will implement their transition toward a system without trade barriers.

It was agreed that the process will be based on already existing subregional blocs, and will take into account the

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difficulties small that countries' economies will face in adapting to an excessively accelerated opening.

Valles stressed the governments' message to investors in confirming their political will to create a single market, and in dispelling the doubts that the Mexican crisis awoke concerning on the continuity of policies in the region.

The Foreign Ministry official said the results were positive from the point of view of the interests of Uruguay and Mercosur [Common Market of the South], as the approved guidelines take into account the demands of our bloc. The Mercosur member countries' main demands included respect for ongoing subregional integration processes and the elimination of the condition that tied countries' economic opening to changes in environmental and labor laws.

The main fear was that the U.S. insistence on linking the two issues could hide eventual non-tariff barriers.

Valles said the delegates "did not have antagonistic positions" on those issues, outlining the fact that those who sponsored the initiative had decided to withdraw it.

Argentina and Brazil attended the summit in Denver accompanied by large entrepreneurial delegations, and did not hesitate to present themselves as ideal candidates for investment. Uruguay had a small role in the forum assigned to private initiative.

All the countries considered the presence of entrepreneurs at the ministerial summit essential, in the sense that the integration process is based on businessmen's trust in the process.

The hosts organized a parallel meeting in order to give all entrepreneurs a chance to voice their opinions on how to implement the transition toward a free trade zone.

Entrepreneurs took advantage of the opportunity to discuss possible businesses, investments, and short-term associations, because a gathering of entrepreneurs from the 34 countries of the entire continent, including the United States, will be difficult to organize again.

Several countries, particularly Uruguay's Mercosur partners, were conscious of that fact, and attended the meeting accompanied by large entrepreneurial delegations. Entrepreneurs made their offers and tempted possible investors with proposals for joint ventures.

Uruguay had practically no representative of individual companies. The Uruguayan delegation included labor leaders and representatives of state organizations such as Antel [National Telecommunications Administration] and the Directorate of Small and Medium-Sized Enterprises.

Finance Minister Mosca Interviewed on Reform, Budget

PY1307215395 Montevideo EL PAIS in Spanish 2 Jul 95 p 16

[Interview with Finance Minister Luis Mosca by EL PAIS correspondent Carlos Pauletti; place and date not given — first four paragraphs are Pauletti's introduction; quotation marks as published]

[FBIS Translated Excerpt] The main reasons for promoting a complete overhaul of the state in the budget, and a real reduction in government spending, lie in the fact that the state has a duty toward the citizens who finance the state through the payment of taxes, says the finance minister, in a gentle yet firm tone of voice that conveys assurance.

Having long pondered the issue, Luis Mosca, 42, accepted the finance portfolio within the new coalition government headed by President Julio Maria Sanguinetti — the candidate who polled the largest number of votes within the party [Colorado Party] that was voted into power.

Mosca is a young economist who knows about the ups and downs, satisfactions, and also disappointments incident upon someone who occupies a public position, as for nearly five years he held the post of undersecretary at the ministry he now heads.

Comfortably seated in a cushy armchair at the huge conference table that fills a considerable part of his office, and from time to time with a gesture of hesitation, the finance minister agreed to discuss Uruguay's current situation and the central aspects of his duties.

[Mosca] We began with the reform of the state and the budget because "they are key elements for mapping out a substantial part of our future, which in turn will depend on whether we carry out the program we formulated."

[Pauletti] You said there were other reasons behind the reform the government is proposing ...

[Mosca] Yes, the second most important reason is the need to enhance Uruguay's comparative advantages within Mercosur [Common Market of the South] and the globalization of the economy. Maintaining and increasing the level of public security, educational standards, good service and physical infrastructure, a healthy environment, and a sound social integration will by no means be an easy task. This will entail, therefore, a firm will to give precedence to what is really important, and leave aside what is dispensable.

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This leads us to the fact that the state must concern itself with these priority tasks in order to increase the competitiveness of Uruguay's economy.

It must be understood that inertia in the functioning of government bodies may be very damaging to the process of insertion in the new international economic reality and, in the long run, to the well-being of all Uruguayans. Overcoming that inertia may constitute the great impetus Uruguay needs to take up those new challenges that it will inevitably have to face.

[Pauletti] Given the context you have just mentioned, what are the main objectives the government wants to achieve?

[Mosca] The specific objectives of the reform are, first and foremost, the strengthening of an austere and efficient state, and at the same time making great strides in imparting professionalism and dignity to public positions. To that effect the reforms will be implemented with and not against public servants.

The attainment of the first objective, namely the buttressing of an efficient and austere state, will demand discipline and thriftiness in spending, so as to do more with the financial resources we have at our disposal. It will also require more efficiency on our part. What does this mean? Well, it means that we have to devote all our efforts to the priority tasks that society has proposed.

[Pauletti] That is precisely what has been established for the budget. Still, could you define more clearly what the general rule for budgeting is? There are reports about figures that may lead to confusion...

[Mosca] In order to comply with your request to speak clearly, we must first know what we are talking about. When we talk about spending we refer to total expenditures minus investments, because the latter are recorded in a different entry.

Let us recall that on 22 March the executive branch approved a decree establishing a 10 percent cut in government spending, estimated on the levels of total expenditures in 1994. During the latest cabinet meeting last week, it was decided that an additional 5 percent cutback in real terms will be ordered. In other words, this 5 percent cutback will be made on the level of outlays after having pared down the expenditures incurred in 1994 by 10 percent.

[Pauletti] Understood. But how are you going to achieve this?

[Mosca] This is going to be a scoop: A draft decree implementing a series of concrete measures to move ahead with the reform of the state was submitted at the cabinet meeting.

First, the decree establishes a considerable reduction in the number of executive units that the central government has — which now total 223 — and only those units that are charged with significant tasks, and which meet the requirements listed in Annex 2 of the decree, will be allowed to keep functioning. The others will be dismantled. [passage omitted]

[Pauletti] There will be surely be other measures, won't there?

[Mosca] Right. A second measure is outservicing. This means that support and non-essential activities, as well as those that give rise to duplication or superposition, will be either eliminated or transferred to third parties. This is the case, for example, with workshops, printing shops, cleaning services, canteens, and like services.

A third measure is the functional decentralization of activities that have to do with the rendering of services, beginning with those that can be self-financed with their own financial resources. In this case we will encourage their total or partial management by third parties. At the same time we will strengthen the substantial duties of each secretariat in what pertains to the formulation of its mission and objectives, sectorial policies, and control and regulatory aspects.

[Pauletti] What is the real meaning of this proposal to decentralize services?

[Mosca] You will certainly remember the decentralization of the Post Office, instituted some time in the past. Well, something along those same lines could be implemented with agencies like the National Customs Directorate, so that they can have greater autonomy and not depend so much on the central government.

Concomitant with this, following studies on the impact of subsidies and allocations on the budget, it has been decided that a list of these subsidies will be compiled, and all those that do not conform to the redefinition of substantial goals and objectives of each agency will be eliminated.

These measures also include the rationalization of the use of physical resources, like real estate, vehicles, and equipment in general. Moreover, all agencies will have to include in their budgets all extrabudgetary resources they will receive, and will be banned from using all income that has not been estimated and legally authorized in the Budget Act.

[Pauletti] What is the concrete effect of that?

[Mosca] In all agencies, extrabudgetary resources exceed $220 million annually. So the idea is that given the high level of these extrabudgetary resources, they

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must be put in black and white, because there may be some agencies that are receiving more than what has been estimated.

For example, if an agency says it will earmark part of those resources for certain investments, it must be established beforehand what type of investment projects are allowed, because the fact that an agency has surplus money does not mean it can invest in what it thinks best. This is why there is a five-year investment plan, the characteristics of which were announced some days ago.

So the more we specify the use of extrabudgetary resources, the more rational use we will make of them, and the more savings we will generate.

[Pauletti] Changing the subject, it has been said that even though Uruguay's economic situation is under control, it is naturally conditioned to what happens in the region. It has also been said that Uruguay is on a gangway in the sense that the situation is under control, but one cannot see a definite way out. Is this true? To what extent are cutbacks in spending and all the other measures you mentioned geared toward making our country leave the gangway and tread on firm ground?

[Mosca] I think one has to be clear about the things that do and do not depend on us. We believe that the stabilization plans pursued by our neighboring economies — both the Real Plan and the Convertibility Plan — will continue in force.

Nevertheless, I think it is a very healthy exercise to pinpoint our shortcomings, irrespective of how those plans function, and to see whether we are on the right path in undertaking the transformations our country needs.

Then let us consider the least likely scenario — let us suppose that things go badly in the region and that our neighboring economies are confronted with grave problems. If we do not go through with the reform program the effect will be much more damaging than if we do go through with the reforms. We have no other option; we have to move in one direction, and if we do we will be able to guarantee better results, more growth, and, more important still, more well-being for all Uruguayans.

I think this is the key thing. Sometimes we overemphasize the bearing that our neighboring economies have on ours. The truth is that when in the past things went well there, there was a trickle- down effect in Uruguay. Nevertheless, it is unquestionably true that this effect could have been much more dramatic if Uruguay had effected certain reforms.

Therefore, if one devotes oneself heart and soul to those reforms one will surely see results in a shorter period of time. And obviously, the so-called cost of the adjustment will be lower. What happens is that one sometimes thinks that things occur as a phenomenon in nature, and that is not the case, is it?

Government, Opposition Agree To Reform Constitution

PY1207180695 Buenos Aires TELAM in Spanish 2049 GMT 11 Jul 95

[FBIS Translated Text] Montevideo, 11 Jul (TELAM-SEM) — The government and the opposition have overcome their differences on the issue of presidential candidates and will reform the Constitution before the end of the year.

The proposal to have a single candidate representing each political force was at the center of the disagreement between the ruling coalition — made up of the Colorado and Blanco parties — leftist parties and the Social Democratic party New Space.

Colorados and Blancos decided to accept the change following New Space leader Rafael Michelini's announcement that his movement would mobilize the constitutional mechanisms to reform the Constitution if traditional parties did not agree on the issue by 18 July.

A Lema Law is in effect in Uruguay. This law is like a vote cooperative permitting each political party — or lema — to present any number of presidential candidates.

According to the law, the winner is the candidate who receives the largest number of votes in a winning lema. The system has permitted the election of presidents who obtained no more than 20 percent of all direct votes.

In last November's election, the Colorado Party had four presidential candidates, while the National Party had three.

The leftist coalition Broad Front, made up of Communists, Socialists, and Tupamaros and the Social Democratic New Space presented single candidates.

The National Party (or Blanco) accepted having single candidates, although party spokesmen said that the party will continue to insist on the need to leave the issue out of the Constitution, proposing a new electoral law to regulate it instead.

The Blanco Party also decided to sponsor a runoff system between the two candidates who receive the most votes. The left and Social Democrats support this proposal.

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The Colorado Party went further and proposed having single candidates in municipal elections (departmental governments) as well.

During his inauguration on 1 March, President Julio Maria Sanguinetti said constitutional reform was one of his priorities for 1995.

Sanguinetti created a commission encompassing outstanding figures from all political parties to deal with the issue. The commission met until last month, when negotiations broke down for lack of agreement on the issue of single candidacies.

Political leaders concluded that a constitutional reform was necessary to make the Uruguayan political system more efficient.

They also pointed out, in view of the current political fragmentation, that there is a need to give future governments a legislative majority to support their work.

This constitutional reform, which politicians intend to approve before the end of the year, and which will be submitted to a plebiscite before March 1996, is the third attempt in three years.

Two previous attempts failed. The first proposal could not garner enough votes in Congress, and the second was broadly rejected by citizens in a plebiscite in August 1994.

Congress Approves Public Security Law; Voting Detailed

PY1507030595 Montevideo EL OBSERVADOR in Spanish 8 Jul 95 p 4

[FBIS Translated Text] The second most important law promoted by the government and approved by Congress, the fruit of the first multiparty agreement achieved by the current administration, finally had a quick passage through the Senate and is ready to be implemented as soon as it is promulgated by the executive branch.

The law, which is called the Public Security Law, includes both the typification of new crimes and the modification of the Penal Code and the Code on Children, among other innovations.

The law's content responds in general to the agreement between the four parties represented in Congress during the negotiations carried out in the Victoria Plaza Hotel prior to President Julio Maria Sanguinetti taking over office.

As had occurred previously in the Chamber of Representatives, the article that allows judges to place minors older than 16 years of age in high security detention centers was the article causing the most controversy, and the senators from the Broad Front (FA) and Walter Santoro of the Down to Work National party faction voted against it.

The bill's first article, which calls for a modification of Article 18 of the Penal Code and refers to the "degree of guilt," also caused controversy.

Helios Sarthou, senator for the MPP [People's Participation Movement], who did not agree with most of the bill's articles, did not oppose the modifications because he believes that "they open up a wider scope for making decisions that the judges currently have."

Santoro opposed the article because he believes that "it substantially modifies the criteria on guilt." Together with his bloc associate, Luis Eduardo Mallo, they were the only senators who voted against it.

One of the session's special characteristics was that the Uruguay Assembly (AU) faction of the Broad Front, which is headed by Danilo Astori, did not vote in the same way it had done in the Chamber of Representatives.

That part of the bill had received a negative vote in the committee debate, and therefore had to be approved as an addition in order to prevent the bill's return to the lower chamber.

This possibility led Colorado Party Senator Luis Bernardo Pozzolo at the beginning of the session to warn that the official sector was not willing to "legislate in camera" or to "accept reformulations."

Even the most controversial articles had the approval of the government coalition, the Colorado and National Parties. Senator Rafael Michelini, leader of the New Space Coalition, added his aye and even criticized the AU and FA because they did not endorse what their legislators had negotiated and voted on in the Chamber of Representatives.

The session also served for Senator Jorge Gandini, National Proposal faction of the National Party, to promise "the greatest of efforts" by his sector in the Budget Committee to "resolve the basic problem" of minors who commit infractions.

Voting on the Main Articles

Degree of guilt:

23 out of 25 said aye (Walter Santoro and Luis Eduardo Mallo voted against it).

Simple bribery (the bribing of a public employee):

26 out of 27 said aye (Helios Sarthou voted against it).

Attempted crime:

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This article was voted on in two rounds. In the first round only Sarthou voted against it, and in the second round both Sartou and all the Broad Front voted against it.

Violence during sports events:

This article was also voted on in two rounds. During the first round only Santoro voted against it, and in the second round both Santoro and Mallo voted against it.

Robbery with the loss of freedom (seizure):

27 out of 29 said aye (Sarthou and Reinaldo Gargano voted against it).

The crime of receiving stolen goods (fences):

26 out of 27 voted aye (Sarthou voted against it).

The interning of minors older than 16 years of age in high security centers:

19 out of 28 voted aye (all Broad Front senators and Santoro voted against it, and Mallo was not present).

Limits to the benefit of release from prison:

19 out of 23 voted aye (Sarthou, Gargano, Santoro, and Marina Arismendi voted against it).

Modifications to the Police Law related to the use of force:

22 out of 24 voted aye (Sarthou and Gargano voted against it).

Coordination of policies on prevention and education of youth:

22 out of 26 voted aye (Sarthou, Gargano, Arismendi, and Mallo voted against it).

Demands to the executive branch calling for measures to prevent rustling:

26 out of 27 voted aye (Sarthou voted against it).

Falsifying of identity cards and passports:

26 out of 27 voted aye (Sarthou voted against it).

Venezuela

Foreign Minister Interviewed on Relations With Colombia

PA1407163095 Caracas EL GLOBO in Spanish 12 Jul 95 p 2

[Report by Judith Martorelli]

[FBIS Translated Text] Foreign Minister Miguel Angel Burelli Rivas has given assurances that relations between Venezuela and Colombia are at a very good level and as proof of this announced that Venezuela intends extraditing Gonzalez Gorrondona from the neighboring country. Burelli Rivas said that he is supposedly guilty of embezzling from the Sofia Imber Museum of Contemporary Art. The foreign minister associated Gonzalez Gorrondona with illegal bank transactions.

Gonzalez Gorrondona was in Santa Fe de Bogota, and his extradition was approved by Colombia's Supreme Court of Justice. The Venezuelan Government commissioned a delegation to fetch him.

"You see, it works," the foreign minister said, to which a reporter replied: "It works with Colombia, but no luck with the United States, which has returned no one."

Contraband

The Venezuelan foreign minister described the statements made by Colombian Deputy Foreign Minister Diego Cardona as "incoherent," because the Colombian official accused Venezuela of tolerating the contraband of arms and chemicals. The statement was made during a meeting held in Cucuta between the presidential border commissions of the two countries.

— Those were incoherent statements. Those statements were not made by the Colombian foreign minister, who is the one in charge of the country's foreign policy, Burelli Rivas said. All the other statements are groundless, regardless of the good intentions behind them.

In that meeting, Burelli Rivas said, the Colombian deputy foreign minister talked about contraband, which is a problem for them similar to the problem we have with the guerrillas; however, this does not mean relations will be adversely affected.

To emphasize this, Burelli Rivas said "Colombian guerrillas come to our country to kidnap us." He also noted that "Colombian and Venezuelan drug traffickers are possibly involved in the contraband of precursor chemicals."

[Martorelli] Has Colombia replied to Venezuela's demands to stop Colombian guerrilla actions on our territory?

[Burelli] They have replied; they have a military presence at the border. They are also trying to set up the Eastern River Command [Comando Fluvial del Oriente], which cannot be set up overnight. It has a price tag of $40 million.

Kidnapped Mayor Is Alive

The foreign minister talked about the kidnapping of the mayor of Guasdualito, Jesus Antonio Rojas, who was kidnapped by Colombian rebels.

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Colombian and Venezuelan authorities are cooperating to search for him. We hope he is alive, and we hope to rescue him with the efforts of both governments.

[Martorelli] Have they requested a ransom?

[Burelli] Not that I know of.

[Martorelli] Is the participation of the National Liberation Army [ELN] confirmed?

[Burelli] At first we thought it could be an incident with various causes; we even thought about domestic causes. We are now sure it was the ELN who did it.

Burelli Rivas also talked about the recent arrest of an honorary consul of Brazil in Puerto Ayacucho for the trafficking of acetone. The foreign minister described the consul's actions as very serious and said he has tried to contact the Brazilian ambassador (unsuccessfully because he is out of the country) to decide the fate of the consul: Venezuela is studying the possibility of suspending his diplomatic status.

According to the foreign minister, Colombia will not only return those whose extradition has been requested (Larry Tovar or Gonzalez Gorrondona), but it will also return stolen vehicles.

He described as favorable the decision made by the Colombian authorities to go to La Guajira to face and find solutions for the Colombians, who are protesting the decision to return our vehicles.

27 ELN Guerrillas Killed in Clashes With Soldiers

PA1507134495

[FBIS Editorial Report] Madrid EFE in Spanish at 2344 GMT on 11 July, according to a Caracas-datelined report, notes that 27 guerrillas from Colombia's Army of National Liberation (ELN) were killed in clashes with a joint Colombia-Venezuela patrol on 10 July. The report said that seven soldiers were also killed in the clash. Venezuelan Deputy Guillermo Verdugo said the clash occurred while troops from Colombia and Venezuela combed the border area in search of Guasdualito Mayor Jesus Rojas, allegedly kidnapped by ELN guerrillas. The report concludes the clash took place in the town of Arauquita, on the Colombian side of the border.

Minister Orders Area Militarization Due to Violence

PA1407231695 Mexico City NOTIMEX in Spanish 2144 GMT 14 Jul 95

[FBIS Translated Text] Caracas, 14 Jul (NOTIMEX) — Venezuelan Defense Minister General Moises Orozco today ordered the militarization of a town bordering with Brazil in the wake of violent disturbances in the evening yesterday.

A group of miners tried to raid the storehouses of the military detachment in El Dorado, Bolivar State, about 650 km southeast of Caracas, but National Guard members repelled them.

The security forces used tear gas and nightsticks to dislodge the workers who were protesting against alleged abuses committed by military men.

According to State Deputy Edgardo Silva the police arrested at least 120 persons after the confrontation and he added that 20 civilians were injured.

Silva said that a parish priest confirmed miners' compliants that military men stationed in the area commit abuses against the civilian population.

Gen. Orozco pointed out that the situation in the area was normalized, but National Guard members will be on the alert to prevent new acts of vandalism and to arrest "the provokers who are reportedly agitating the population."

After clarifying that National Guard actions are limited to safeguarding security at the border, the defense minister denied reports that military men have violated the human rights of area residents.

Bolivar State Governor Andres Velasquez held the administration of President Rafael Caldera accountable for the repressive measures used to dissolve the miners' demonstration.

Basque President Notes Objectives of 5-Day Visit

PA1507010295 Caracas EL UNIVERSAL in Spanish 13 Jul 95 Section 1 p 12

[Report by Alberto de la Cruz]

[FBIS Translated Text] Jose Antonio Ardanza, president of the Basque government, said his country has the clear political will to resolve the conflict of the separatist organization ETA [Basque Fatherland and Liberty], which will allow the Basque exiles to return to their country. Ardanza made this statement at a news conference during which he stated the objectives of his five-day visit to Venezuela: To strengthen the economic, social, and cultural relations between both countries.

The Basque official met with a group of local businessmen yesterday. He said he is also scheduled to hold extensive talks with PDVSA [Venezuelan Petroleum Inc.] board officials. In compliance with his institutional and political objective, he met with Venezuelan Congress President Eduardo Gomez Tamaya shortly before noon yesterday and visited Caracas Mayor Aristobulo Isturiz

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during the afternoon. The Basque president will meet with Venezuelan President Rafael Caldera today.

Ardanza said one of the objectives of his visit is to see how joint cooperation programs between several Venezuelan and Basque institutions are advancing and, lastly, to have a direct contact with the Basque community in Venezuela.

The delegation accompanying the Basque president includes, among others, the minister of agriculture, fisheries, and industry, the president of the Basque business guild, the director of foreign trade, the coordinator of the Basque Chamber of Commerce, and the president of the Bilbao International Merchandise Fair.

ETA Conflict

Asked whether his government had defined a policy on the ETA organization, he said it did not have one, because "those are people who have made a choice in their lives" and have chosen the road of violence to obtain independence for the Basque country. He added, however, "the government does have a clear political will to resolve the ETA conflict," and once it is solved "the Basques will finally be able to have a civilized, regular society, one that is not in conflict, as has been the case many times." When that time comes, he said, all the people who are in exile "will be totally and fully free to return to their country."

Expectations Regarding Venezuela

Regarding the signing of several economic agreements, Ardanza said they are in an exploratory phase. He said his country intends to become "a basic pillar in the bridge joining Europe with America." Asked his opinion on Venezuela's economic prospects, Ardanza said that perhaps "this is not the best time for the country." He said, however, he was entirely confident a development and growth process will take place, regardless of the situation it is now experiencing. "We do not foresee problems with a commitment to economic relations with Venezuela," he said, adding this visit is the starting point to reach economic cooperation and commercial exchange agreements.

"Our wealth is based on industry, the training of our people, our geographic location, communication infrastructure, and financial structures," the Basque president said. Aldanza said the Basque economy is experiencing an important boom after the 1992-1993 recession and spotlighted the modern foresight of Basque businessmen who are aware the world is a global market.

Asked to give his opinion on the opening of the European market, particularly the Italian market, to Latin America, as President Oscar Luigi Scalfaro stated during his recent visit to Venezuela, Ardanza said: "The grand intentions of the European Union countries to open their markets have been tapering off, and there is a return to a sort of swelling of nationalism in the European states, which are attempting to protect their own internal economies."

Cooperation Projects

Ardanza recalled that the Basque country has invested approximately 400 million bolivares in cooperation programs since 1992. The investments were channeled through private institutions and education and investigation centers in the cities of Valencia, Margarita, Cumana, and Ciudad Guayana.

One of the pillars of those activities is the Basque-Venezuelan Institute of Technological Training building located in Matanzas, Bolivar. It measures more than 1,000 square meters and was inaugurated in November 1994. The institute endeavors to contribute to the training and updating of industrial workers. This center is sponsored by the La Salle Foundation.

Other projects financed by the Basque country are the Promotion and Defense of Human Rights in Venezuela, which is cosponsored by Cofavi [expansion unknown], the Arts and Handicrafts School in El Hatillo, the Odontology Center in Anaco, Anzoategui State, and the donation of an oceanography vessel, harbored at Margarita Island, that will allow the La Salle Foundation to further its investigation programs.

Adranza spotlighted the Manuel Aguirre Social Park project, the protocol of which will be signed today by the Basque president and Father Luis Ugalde, director of the Andres Bello Catholic University [UCAB]. The park will be built on a lot located in front of the UCAB and will cost 1 billion bolivares, out of which the Basque country will contribute 350 million. The Simon Bolivar Center, the Caracas Municipality, and the Family Ministry will also participate in this project. This community park will give the low income people living in the area of influence of the UCAB health, education, and professional services.

Finance Minister Defends Budget, Macroeconomic Program

PA1407154895 Caracas Venezolana de Television Network in Spanish 0200 GMT 12 Jul 95

[Report by Fernando Porte; from "The News" newscast — including recorded statements by Finance Minister Luis Raul Matos Azocar and Finance Commission President Gustavo Tarre Briceno]

[FBIS Translated Text] Finance Minister Luis Raul Matos Azocar was summoned by the Chamber of

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Deputies Finance Commission to analyze issues related to the government's 1996 fiscal budget law proposal, as well as the macroeconomic stabilization plan.

The finance minister insisted that no macroeconomic stabilization plan can be effectively carried out by only taking economic components into account.

Likewise, he acknowledged that the devaluation of the bolivar is tantamount to hyperinflation.

[Azocar] "We are pressuring, but without yet having created the necessary conditions for ..." [sentence incomplete as heard]

Finance Minister Matos Azocar ended his explanation with a brilliant summation of the foundations of the macroeconomic stabilization plan and was emphatic in pointing out that political and social considerations were taken into account when preparing the plan.

[Azocar] "What do we mean by social justice? We must once and for all define what we mean by impartiality. Our position is that we must first look toward those who have more prior to easily turning our sights on those that constitute the great majority. Deep down we are all aware that these members of the majority are the ones most affected and are the ones who have less."

With the aid of slides, projector, and comparative charts, the finance minister stipulated that the government seeks to break down the misleading dilemma between statism and neoliberalism. He added that the current macroeconomic plan is based on cooperation, competition, and interconnection. According to Matos Azocar, the objective sought by the plan is to promote cooperation between the state and state-owned agencies and at the same time ensure teamwork between the state-owned agencies and its workers.

[Azocar] "We should seek to avoid any increase in gasoline prices, or for that matter in the price of any other commodity, especially during times such as now when the purchasing power of the majority of Venezuelan households is so limited."

Finance Commission President Gustavo Tarre Briceno expressed his opposition to part of the finance minister's explanations and described the plan as too imaginative.

[Briceno] "Maintaining macroeconomic variables such as gasoline prices and currency value in such a fixed or static manner will only result in Venezuela not being able to obtain international financing. This in turn will only prompt the government into financing its deficit by issuing government securities and placing them in the domestic market."

The finance minister continued to explain the government's fiscal, monetary, exchange, financial, and revenue policy. In concluding, he strongly stipulated that in no country in the world does an economic cabinet announce its exchange rate policy to the community, media, or congressional commission, which is an issue that is decided exclusively by the president of the Republic, together with his economic cabinet, and is only made public by means of a government decree, not through an announcement.

When Commission President Deputy Gustavo Tarre Briceno asked the finance minister how it had been possible for the ministries to have been assigned the same budget as last year, Matos Azocar answered that Venezuela's problem does not lie in insufficient resources but in inadequate efficiency, and that administrative bureaucracy at the ministries is what really prevents efficiency from improving.

Oil Industry Opening Up 'for Good;' Profit-Sharing Approved

FL1407230795 Bridgetown CANA in English 1918 GMT 14 Jul 95

[FBIS Transcribed Text] Bridgetown, Barbados, July 14, CANA — Venezuela's Congress has given the oil industry a stamp of approval to pursue a profit sharing scheme with private, mainly foreign investors, the Venezuela Embassy reported here.

State-run Petroleos de Venezuela S.A. President Luis Giusti said, exploration contracts could be awarded to foreign companies after five months. Petroleos de Venezuela S.A. (PDVSA) and the Energy and Mines Ministry had their plan to let foreign investors explore 10 new oil areas and later form mixed companies approved in a joint congressional session. Giusti said this was a special project with an existing law. It was the final and definite crossing of the threshold of the opening of the country's oil industry to the participation of the private sector.

"This is a very special occasion for Venezuela and we would like to pass the message around the world that this country is opening up its oil industry for good," the PDVSA President said.

Venezuela and Brazil last week signed oil free trade accords outlining nine points of integration. Presidents Rafael Caldera of Venezuela and Fernando Henrique Cardoso of Brazil signed the "Caracas Declaration". The "most expressive example of our bilateral relations," President Cardoso told Congress, is the Petrobras and Petroleos de Venezuela S.A. agreement to look for common projects.

Venezuela is already a member of trade blocks with Bolivia, Colombia, Ecuador and Peru, in the Andean

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Pact and with Colombia and Mexico known as C-3. The Caldera administration has described Cardoso's visit as supportive of a move to encourage Venezuela towards integration in the powerful Mercosur trade group consisting of Argentina, Brazil, Paraguay and Uruguay.

"Today Mercosur is projecting itself towards the rest of Latin American countries starting with Venezuela," Cardoso said. The shared Amazon region should not be thought of as an "untouchable treasure, but a treasure to touch carefully with understanding", he said.

In the first half of the year PDVSA doubled its oil exports to Brazil compared with last year's sales. Exports have reached 105,000 barrels per day. Energy and Mines Minister of Venezuela estimated the year's oil sales would account for US1 billion.

Petrobras is also expanding and aiming to double its total production in the next five years to 1.5 million bpd [barrels per day], from 750,000.

Some other areas of interest between the two countries and agreed under the accord are: An agreement to create an area for Free trade; a declaration between Petrobras and PDVSA for future association; protocols and agreements related to road transportation of cargo and passengers; protection of the Amazon Basin, and a protocol for cooperation by the two countries in areas of trade and commerce.

Fogade To Issue Securities To Cover Bank Debts

PA1507044995 Caracas EL NACIONAL in Spanish 14 Jul 95 p E-7

[Report by Fabiola Sanchez]

[FBIS Translated Text] The Financial Emergency Board [JEF] will issue a resolution today certifying the amounts the Deposit Guarantee and Banking Protection Fund (Fogade) owes Venezuelan Banks — namely, Venezuela, Latino, Consolidado, Republica, and Industrial — for the transfer of deposits, financial sources have reported.

This resolution will state that Fogade will pay 51 billion bolivares yielded by transferred deposits during the first half of 1995 and will amortize 350 billion bolivares on the total capital of accounts transferred from the liquidated banks.

The sources explained that this certification of debts related to the transfer of deposits will allow state banks to publish balance sheets next weekend for the first half of 1995.

It is expected that by August Fogade will have all the required documents and assets to back the issuance of securities for 350 billion bolivares to cover all of the liabilities assumed by Banco de Venezuela [Banvenez] and Latino, Consolidado, Republica, and Industrial. The sources assured that the JEF is considering the possibility of financing part of the Fogade securities issuance with disbursements that the national banking system will make to Fogade in the future.

As for the payment of Fogade's debt with the BCV [Central Bank of Venezuela], it was reported that Fogade will use funds earned from the sale of Banvenez and Banco Tequendama, as well as the stock of the Caracas electricity company and Provincial, the Cedral and Mostrenco ranches, and a telecommunications company, to pay part of its debts with the BCV during the second half of the year.

It was reported that only nine investment banks handed to Fogade their term sheets [hoja de terminos] to participate in the sale of Banvenez. Banque Paribas decided to not participate.

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